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NEWS SUMMARY

GENERAL

England win Test by 18 runs

England, after following on, beat Australia by 18 runs in the Third Test at Headingley yesterday in one of the most remarkable victories in the history of test cricket.

Set 130 to win, the tourists were all out for 111. Bob Willis took 8 for 43. It was only the second time in 905 tests that a side following on has won.

Israeli attack

Israeli jets, ignoring UN and U.S. ceasefire calls, again attacked guerrilla targets in South Lebanon. Palestinians and Israelis far apart, Page 3

FitzGerald wins

The Irish coalition government of Dr Garret FitzGerald won a crucial vote by 82-79 on its tough supplementary budget. Back Page

Polish hijack

A 21-year-old Pole hijacked a Polish airliner with 50 passengers on board to West Berlin and surrendered to U.S. military police.

NZ snubbed

The Commonwealth finance ministers meeting has been switched from Auckland to the Bahamas in protest at the South African rugby tour of New Zealand. Page 3

Rail pay row

British Rail is not prepared to pay a 10½ per cent tribunal recommendation unless the rail unions agree far-reaching productivity changes. Back Page

Whalers succeed

The world's whaling nations successfully fought off attempts to ban or restrict catches at the International Whaling Commission meeting in Brighton.

Power stations hit

Two major South African power stations in the Eastern Transvaal were rocked by 15 explosions. Nearby towns were plunged into darkness. Page 3

BBC axe opposed

MPs overwhelmingly supported a bill opposing Goverment plans to axe BBC World Service broadcasts in seven of its 39 languages. Page 8

Life sentence bid

The Italian public prosecutor demanded a life sentence for Mehmet Ali Agca for the attempted murder of Pope John Paul and two American tourists.

Cannabis haul

Customs investigators and police seized more than one ton of cannabis, worth £1.25m, shotguns and a revolver in raids in Hampshire and London.

M4 death crash

Three people died when the car they were travelling in crashed into the central barrier of the M4 in Wiltshire and overturned.

Dissident jailed

Moscow court sentenced Felix Serebrov, one of the last active members of the dissident Helsinki human rights group, to nine years in a labour camp.

Swiss bomb blast

Armenian terrorists claimed responsibility for a bomb blast which injured 20 in a department store in Lausanne, Switzerland.

Briefly . . .

President Reagan is ordering cloth from Bradford to replace the suit ruined by his would-be assassin.

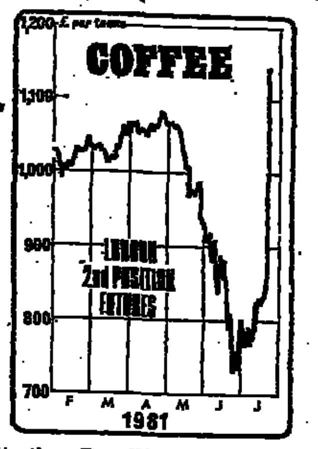
Body of a British holidaymaker was found off a Corfu beach.

Humberside Chief Constable applied for a two-week ban on marches.

BUSINESS

Coffee up 30%; Equities easier

● COFFEE prices in London soared £283.50 a tonne to £1,146.50 on reports that frost



hit the Brazilian coffee crop. The 1982-83 crop is in more *danger than the current one.* Page 33

● EQUITIES picked up late in the day, led by Thorn EMI and other Electricals. The FT 30-Share index, down 4.5 most of the day, closed 1.8 lower at 512.2. Page 34

● GILTS also were firmer in late trade. The Government Securities index eased 0.02 at 63.12. Page 34

● DOLLAR continued strong on high U.S. interest rates. It rose to Y234.4 (Y233), DM 2.4695 (DM 2.446), FFr 5.857 (FFr 5.789) and SwFr 2.116 (SwFr 2.0965). Its Bank of England index firmed to 112.9 from 111.1. Page 31

● STERLING dropped 2.3 cents to a three-year low of $1.8455, up from the day's worst. It was easier at DM 4.56 (DM 4.5725), FFr 10.805 (FFr 10.815), SwFr 3.905 (SwFr 3.92) and Y432.5 (Y435.5). Its trade-weighted index was down from 92.3 to 91.7. Page 31

● GOLD shed $5 in London at $407.5. In New York the Comex July close was $410. Page 31

● WALL STREET was off 8.84 at 931.70 before the close. Page 32

● IRAN will soon decide how much compensation to pay foreign banks whose interests in 47 Iranian joint venture banks were nationalised two years ago. Back Page

● WEST GERMAN net monetary reserves fell DM 900m (£197m) to DM 72.1bn in the week to July 15, because of Bundesbank intervention on foreign exchange markets.

● NATIONAL COAL Board is producing too much coal too expensively, said Energy Secretary David Howell, calling for moderate pay claims from miners. Page 5

● CONSOLIDATED-BATHURST of Canada hopes to raise its share of the UK newsprint market to 25 per cent by re-opening the Ellesmere Port Mill in Cheshire. Page 7

● BRITISH AEROSPACE Dynamics Group and Marconi Space and Defence Systems jointly won a £100m contract for a series of British defence communications satellites. Back Page

● DOWTY GROUP, defence and mining equipment maker, reported taxable profit down £1.66m at £36.24m for the year to March 31, after being £1.86m ahead at halfway. Page 24; Lex, Back Page

● HOGG ROBINSON GROUP raised pre-tax profit for the year to *March 31 from* £8.62m to £9.02m, partly by diversifying its interests. Final dividend is 3p (2.7p). Page 24

● CITICORP, parent of Citibank, the biggest U.S. bank in terms of assets, reported a 40 per cent drop in second quarter earnings. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise *indicated*)

RISES		
GEC	723	+ 8
Hogg Robinson	114	+ 7
Thorn EMI	440	+ 16
LASMO	563	+ 10
Ultramar	483	+ 11

FALLS		
Exchqr. 3pc 1984	£80¼	− ¼
Assed. Newspapers	226	− 9
Cape Inds.	172	− 6
Collins (Wm.) A	143	− 5
Cornell Dresses	157	− 5
Gt. Portland Ests.	226	− 8
GUS A	430	− 7
Hanson Trust	226	− 10
Land Securities	323	− 5
Lloyds Bank	398	− 10
London Brick	63	− 2½
MFI	58	− 3
Metal Box	156	− 4
Sun Life	304	− 9
Union Discount	440	− 15
Utd. Engineering	205	− 7
Ashton Mining	103	− 9
Bond Crpn.	204	− 16
Cent. Pacific Mins.	70	− 10
EZ Inds.	315	− 25
FS Geduld	£18¾	− 1¼
Haoma Gold	61	− 7
North Kalgurli	74	− 6
North West Mining	44	− 9
Pres. Brand	£17¾	− 1½
St. Helena	£16½	− 1½
Western Hldgs.	£25¾	− 2½
Western Mining	290	− 14

Unemployment hits 2.85m but rate of growth slackens

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GROWTH rate of adult unemployment has slackened considerably in the past few months.

Department of Employment figures published yesterday show that the number of adults out of work in the UK rose in the *month to mid-July* by 30,000 to 2.85m, seasonally adjusted, the smallest rise since the end of 1979. This is equivalent to 10.7 per cent of the workforce.

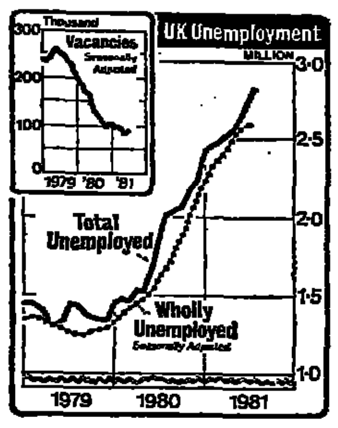
The many school leavers coming on to the unemployment register, together with a normal seasonal rise between June and July, were sufficient to raise the overall "headline" figure by 171,000 to 2.85m.

The announcement released a torrent of criticism from trade union and Labour Party leaders who have tabled a motion of censure in the Commons.

Economists do not dispute that the prospect is gloomy. Recent Treasury estimates *supplied to the Government* Actuary suggest that the "headline" figure may average nearly 3m during 1981-82.

Nevertheless, the latest figures are in some respects the least gloomy for at least 18 *months. In particular the* average increase over the latest three months has slowed from 115,200 last December to 43,300 in the period to July.

Moreover, this has occurred when there is some rundown in



the impact of the Government's special job measures.

The monthly flow on to the unemployment register is lower than last winter while there has been a rise in the flow off the register. Both figures are advance indications of what is happening in the labour market and in the economy.

The demand for labour may no longer be declining. The seasonally adjusted number of notified vacancies rose in the month to mid-July by 9,200 to 91,700, reversing a similar fall in the previous month. But *there are so few vacancies that* it is far too early to say whether an upward trend has been established.

The scale of redundancies also seems to be falling. The estimated total in June is likely to be 40,000, compared with around 50,000 a month earlier this year.

The numbers on short-time working are also falling in manufacturing—351,000 in May compared with 434,000 in April and 510,000 in March.

Despite all these factors the unemployment total is still the highest for 50 years and the percentage rate is well above the international average.

There had been fears that the overall total might exceed 3m *this month*, partly because the civil service dispute has delayed notification of the end of the period of unemployment.

But the "headline" figure has been artificially raised by only about 20,000, rather than 100,000 *as initially projected.* The seasonally adjusted figure has been reduced to allow for this distortion.

A change in the pattern of school-leaving among those aged over 18 has also affected the seasonal adjustment, now estimated at a rise of 52,500 rather than 90,000 between June and July.

New rules preventing unemployed summer school leavers from receiving supplementary benefit until September mean that many have not registered as unemployed. The number of school

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Labour censure motion, Page 8
Unemployment map Page 6

Pound slide intensifies interest rate worry

By Peter Riddell, Economics Correspondent

A SHARP fall in sterling yesterday to its lowest level against the dollar for more than three years intensified the policy dilemma for the British Government over short-term interest rates.

At one stage, the pound fell to a low in London of $1.8380 before picking up slightly to close 2.3 cents down on the day at $1.8455.

There were no signs last night in Whitehall of any immediate action or statement, though the position is likely to be reviewed when Sir Geoffrey Howe, the Chancellor, returns today from the Ottawa summit.

The preference still seems to be for waiting and seeing how domestic money and foreign exchange markets develop with the clear hope that some of the pressure might ease if U.S. interest rates fall.

It is recognised that the *position is highly unstable with* a delicate balance between the twin aims of avoiding too sharp a fall in sterling and preventing a rise in the cost of overdrafts.

The main focus in exchange markets yesterday was on sterling which *fell in the morning* in response to selling from the Continent and continued to drop in the afternoon against a generally firm dollar.

The Bank of England is reported by dealers to have intervened to smooth the fall. The trade-weighted index, calculated by the Bank, measuring the average value of the pound against other currencies, dropped 0.6 points to 91.7.

The renewed weakness of sterling has introduced a further destabilising influence through the Bank's operations in the money markets. This was reflected in a continued nervousness in the gilt-edged market and a rise of about ¼ point in interbank rates of one month and longer.

The Bank's interventions in the money market were again at rates of 12 to 12X per cent and this helped to keep down overnight rates while seven-day interbank rate only rose ¼ to 13 per cent.

As long as short-term rates remain at 13 per cent or below there is no immediate pressure on the clearing banks to raise their base lending rates.

French base rates reduced
Page 2

£ in New York

	July 20	Previous
Spot	$1.8540-8555	$1.8800-8820
1 month	0.80-0.87 pm	0.90-0.97 pm
3 months	2.08-2.18 pm	2.05-2.15 pm
12 months	5.20-5.40pm	4.90-5.10 pm

British Gas calls for levy cut after profits of £381m

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS, which yesterday reported a reduced pre-tax current cost profit of £381m for 1980-81 compared, with a recalculated profit of £422.9m in 1979-80, has called on the Government to reduce the gas levy. The levy was introduced this spring to cream off a large part of the state corporation's profits, and raised £129m for the Exchequer in the financial year to 1981.

On an historic cost basis, British Gas made a pre-tax profit of £844m before levy payments in 1980-81, against £654m in 1979-80.

It is due to pay a further £1.2bn in levy contributions over the next two years, but in talks with ministers, it has claimed the amount should be reduced in the light of changes to the corporation's structure and profit base.

The corporation has said that concessions made to industrial and commercial customers last year cost about £200m in lost revenue. As a further concession it decided in March that contract prices for large industrial buyers would be pegged for much of this year. This was worth a further £73m to customers.

British Gas, which has yet to receive an official response from the Government, has also argued *that its future profitability will* be hit if it is forced to sell oil assets and its gas appliance business.

In presenting the latest results, Sir Denis Rooke, chairman, launched an attack on government plans for the disposal of some of British Gas interests. By most standards the corporation's achievements would be classified as a considerable success, he said. It had exceeded the Government's targets on operating profitability and cash limits.

"After such a year, the management of most businesses would expect the owners to want them to continue in the same vein and perhaps to ask if extra support might add to the achievement in future years," Sir Denis said.

In contrast, British Gas faced uncertainties. "I personally find it difficult to understand the real logic of a system in which you have a corporation which has been successful in providing a national service, and which seems in danger of having its wings pulled off."

Sir Denis was concerned that British Gas would not be offered a fair price for the oil production licences containing the Wytch Farm field in Dorset because much of the land had not yet been explored.

He added that as many as 30,000 jobs could be affected by the enforced sale of 900 gas-appliance showrooms.

Mr Jack Smith, deputy chairman, warned that the corporation could face supply problems this winter if the weather was particularly severe.

Delays to deliveries from Shell/Esso's offshore Brent field would *leave the corporation with less gas than expected.* Brent gas was due to be on stream in 1979-80, but as a result of technical problems it seemed unlikely that it would now be available before October 1982.

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Ottawa summit agrees on series of trade initiatives

BY REGINALD DALE AND JOHN WYLES IN OTTAWA

THE WEST'S seven leading industrial nations have agreed on a series of important initiatives designed to settle their differences over trade policy and to stem the tide of protectionism.

A vital change of position by the U.S. enabled the summit meeting here to try to give a new impetus to the North-South dialogue between industrialised and developing countries.

These accords enabled the seven heads of Government to *point last night to a significant* narrowing of differences between Europeans and Americans on trade, third world aid and some aspects of East-West relations.

On the vexed question of U.S. interest rates, *however, everyone left prepared* to wait and see.

The Europeans have made it clear that if the U.S. rates are not significantly lower by the end of the year, they will demand that Washington takes direct action to ease the problem.

Yesterday's agreements leave the detailed negotiations on key problems to new consultative bodies. The leaders recognised that the summit was not the right framework for tackling them.

In the months ahead there will be:

● A high-level meeting of the seven to review all East-West commercial arrangements.

This solution, proposed by President Mitterrand, reflects in particular a Franco-German determination to ensure a thorough discussion of U.S. demands for a more restrictive approach to trading with the *East bloc and an equality of* sacrifice between Europe and the U.S. in any further curbs which might be agreed on high-technology trade with the East.

● A ministerial meeting of all the General Agreement on Tariffs and Trade (Gatt) countries next year, at which participants would renounce protectionist or beggar-my-neighbour policies.

● Negotiations between the West—and the oil-producing countries to see if a financial mechanism can be set up to promote energy investment in developing countries. This would not necessarily develop into the proposed World Bank energy affiliate—an idea disliked by the U.S.—but European officials believe it could serve much the same function.

"The aim would be to tap oil funds to aid the poorest, energy-starved developing countries, and possibly to allow oil producers a greater say in the running of international financial institutions."

● Continuation of preparations for a "global dialogue" in the United Nations, aimed at trans-

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Statement on Lebanon pleases Europe leaders Page 4

Mrs Williams concedes she cannot fight Croydon

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MRS SHIRLEY WILLIAMS now appears to have no chance of fighting the Croydon North West by-election.

The Social Democrat leadership conceded yesterday there was no way she could stand and that in the interest of relations *with the Liberals, the choice of* candidate would have to be left to them.

SDP members in Croydon were meeting last night to consider their attitude. It had been made clear by their leadership, however, that they had no authority to nominate a candidate.

Both Mr David Steel, the Liberal leader, and the SDP believe Mrs Williams could have won the seat, and that without *her*, the alliance's chances are much reduced. Each side agreed, however, on the ultimate long-term importance of preserving the alliance.

Nevertheless Mr Steel was still trying to find some other nationally known candidate who would stand a better chance of winning than the Croydon Liberals' candidate, Mr Bill Pitt.

Mr Steel had to tread carefully. Until Monday night he had argued in favour of Mrs Williams. Liberal colleagues had told him that if he tried to impose his judgment locally he could face serious difficulties selling the alliance to his party

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Hanson launches rights issue

BY IAN RODGER

HANSON TRUST, the fast-growing industrial conglomerate headed by Sir James Hanson, launched a £43.8m rights issue of 9¼ per cent convertible loan stock yesterday.

The company, which raised its stake in the Ever Ready battery maker, Berec, to nearly 15 per cent two weeks ago, said it was raising the money to pursue its long established policies of growth in both the UK and the U.S. internally and through acquisitions.

Mr Martin Taylor, a director, said yesterday that Hanson had no immediate intention of adding to its stake in Berec.

Hanson made its largest ever acquisition earlier *this year*, of McDonough, the U.S. cement, footwear and hand tools group, for £74m, subsequently disposing of the cement side for £25m. The company has also had two recent UK takeover bids rejected for Central Manufacturing and Trading and for G. H. Downing.

Last month Hanson reported a 13 per cent increase in interim profits to March 31 1981 to £18.2m before tax. Sir James Hanson said then that the U.S. economy continued to recover "and we are confident that the future both there and in the UK now looks brighter than it has for some time."

The interim dividend was raised 13 per cent to 4.25p and Sir James indicated that the final would go up by the same *proportion to 5.36p.*

Although a number of recent rights issues of convertible loan stock have flopped, including the £82m offer from BOC International in May, Hanson felt that a convertible would be attractive to its strong institutional shareholder base.

The issue is on the basis of £2 nominal for every five ordinary shares, or £32.86 nominal for every £100 nominal of the existing 6¼ per cent convertible loan stock held on July 17. The new stock is convertible at 280p per share from 1985 to 2001. Dealings are expected to begin on August 10 and the final date for acceptances is August 28.

The issue has been underwritten by N. M. Rothschild and Sons and brokers are Hoare Govett.

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Agreement near on coalition for Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS should have agreement on a new centre-left Government headed by Mr Dries van Agt within the next few days. The three mediators appointed by Queen Beatrix to bridge the differences between the political parties yesterday presented the outline government programme and proposals for the allocation of portfolios.

In their report, the mediators say that a cabinet comprising the Christian Democrats, the Labour Party and the Democrats 66 would postpone a decision on stationing Cruise missiles in the Netherlands beyond the December deadline agreed with its NATO allies.

If Nato were to insist on a Dutch decision this year then the answer could only be "No." A future centre-left government would only make up its mind on the missiles when the progress of disarmament talks between East and West made this necessary, they said.

The policy outline represents a compromise between Labour and Democrats 66, the two left-wing parties which are opposed to the missiles, and the middle of the road Christian Democrats. Because the latter are divided over the issue they want to await the outcome of disarmament negotiations, though Mr van Agt, the party leader, and many senior party members are believed to be resigned to the need for the new missiles.

The outline programme, which has been drawn up after seven weeks of talks between the mediators and the leaders of the three parties concerned, still has to be approved by MPs. If they support the proposals then the mediators will withdraw and the party leaders will get together to hammer out the final details of a coalition programme.

Negotiations in the past week or so have centred on the allocation of ministerial posts. It has been agreed for some time that the Christian Democrats and Labour will each provide six ministers and Democrats 66 the remaining three. But there have been sharp differences over which party the Prime Minister should come from, and over the allocation of the Education portfolio.

The party leaders and mediators yesterday announced that Mr van Agt should be Prime Minister. He is leader of the outgoing Government.

Mr Joop den Uyl, the Labour Party leader, will be a Deputy Prime Minister and Minister for Social Affairs with special responsibility for unemployment. Mr Jan Terlouw, leader of Democrats 66, will also be a Deputy Prime Minister and, probably, Economics Minister, though without many of the usual responsibilities for employment policy.

The Christian Democrats have been allocated Finance and Development Aid, the Labour Party Education and

Mr van Agt . . . returns as Prime Minister

Foreign Affairs. The Defence job will go to Democrats 66 which has said it is not keen to be saddled with such a "thankless" portfolio.

Other details to emerge yesterday from the mediators' outline government programme include a proposal to increase the state's share of gas revenues and to limit the loss of spending power of the lowest paid to 1 per cent of their income. A future Government, however, would take a hard look at welfare benefits and reduce them where necessary.

A centre-left coalition would have 109 seats in the 150-seat lower house of Parliament, considerably more than the outgoing Christian Democrat-Liberal coalition. The Christian Democrats gained 48 seats in last May's general election, Labour took 44 and Democrats 66 won 17.

Provided there is no last minute hitch, the politicians will have formed a new Government unusually swiftly. In 1977, coalition talks lasted seven months.

Swiss economic growth may slow soon, says bank

ZURICH — Swiss economic growth may soon begin to slow, a Credit Suisse report suggested yesterday.

The number of employees on short-time in May rose by 10.8 per cent and the number of job vacancies dropped by 1.2 per cent. Industrial production in the first quarter fell by 2.6 per cent compared with a year earlier.

A slowdown in the Swiss economy when the international economy may have reached the recession's trough would fit previous patterns, the bank said.

Slower economic growth is suggested by a 5.3 per cent fall in real terms of imports in the first six months of this year.

The economy has not slowed enough to brake inflation, the study added. The annual rate of increase of the consumer price index rose to 6.3 per cent in June from 6 per cent in May.

The rising trend of inflation is unlikely to turn within the coming months.

The forecast is slightly more pessimistic than earlier forecasts from other sources.

• Switzerland's foreign exchange reserves fell SwFr 448m to SwFr 22.35bn (£5.7bn) in the second 10-day period of July, the National Bank said. Reuter

Influential daughter of Bulgarian leader dies

By Anthony Robinson

MRS LYUDMILA ZHIVKOVA, the 38-year-old daughter of Mr Todor Zhivkova, the Bulgarian state and party leader, has died. Her death removes one of the most influential women in the male-dominated politics of communist Eastern Europe. The only other woman to play an important role in East bloc politics is Mrs Elena Ceausescu, the wife of President Ceausescu, of Romania.

The Bulgarian news agency yesterday failed to give either the date or cause of her death. it merely stated that she died "after a short illness."

Mrs Zhivkova, who was married to the head of Bulgarian television and leaves a son and daughter, was not known previously to be in ill-health.

Her rise owed much to her close relationship with her father, especially after her mother's death in 1971 when she became in effect Bulgaria's First Lady.

Her appointment in 1975 as chairman of the Committee of Art and Culture made her the most senior person in the cultural establishment and a year later she was elected to full membership of the party central committee. In 1979 she became a fully-fledged member of the politburo.

Her responsibility was widened last May when she was given politburo responsibility for all state education.

Mrs Zhivkova's rapid rise provoked considerable resentment and made her the butt of many political jokes. Unlike her Romanian counterpart, however, she was more associated with the promotion of talent than the removal of potential rivals.

Mr Zhivkov, himself, has been at the helm of his country longer than any other East European ruler except Mr Enver Hoxha of Albania. He has been Bulgaria's top politician since 1957.

In recent years, however, there has been a quiet leadership revolution, with the wholesale promotion of younger men to responsible party and government posts. This gave Bulgaria the youngest leadership of all Comecon countries before the Polish central committee elections last weekend.

Mrs Zhivkova was a major influence behind this policy of personnel renewal.

Her youth, power and ambition are believed to have worried the Soviet leadership which has grown used to the reliability and loyalty of Mr Zhivkov and likes to consider Bulgaria as the Soviet Union's "little brother."

They would have been quick to realise the ideological and political implications of her efforts to emphasise the 1,300-year history of the Bulgarian state, which is being celebrated this year, and the non-Slavic elements in Bulgarian history.

This was all part of a subtle attempt to emphasise Bulgarian identity and independence and was popular, especially among younger Bulgarians. It was not looked upon so kindly by the Soviet leadership, however, which is believed to have been seriously concerned about the possibility of Mrs Zhivkova succeeding her father.

BIS revises upwards Polish debt to banks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

POLAND'S TOTAL borrowing from Western banks stood at $16.17bn at the end of last year, about $1bn more than previously thought. Repayments due in 1981, according to new estimates by the Bank for International Settlements, are $5.35bn. This compares with Poland's own estimate for medium and long term debt due this year of only $3.1bn.

Publication of these new calculations by the Basle-based BIS coincides this morning with the opening in Zurich of a crucial two-day meeting of international banks to discuss Poland's request to defer repayment of debt maturing this year.

The difference of more than $2bn between BIS and Polish estimates is thought to be accounted for by short-term borrowings. These are not expected to be included in the rescheduling agreement but they have already caused serious headaches this year.

Poland's request for a commercial bank rescheduling in March prompted banks around the world to call in short-term loans in a rush to reduce their exposure to that country.

Barely a month later, several hundred million dollars of such facilities had ceased to be available, aggravating severly Poland's shortage of hard currency. Banks are understood to have agreed subsequently to maintain short-term facilities to Poland at a reasonable level.

This week's meeting in Zurich takes place amid conditions of considerable secrecy, but it is expected to result in a final consensus response to Poland's request for repayment of its debt to be rescheduled. Provided the bank's receive details of the country's plans for economic recovery, repayment of 95 per cent of medium and long-term debt maturing this year would be deferred till 1988.

Still unclear is the pre[...] amount of money involv[...] Estimates that it adds up [...] about $2.4bn have never b[...] confirmed officially and the [...] vised BIS figures demonstr[...] how difficult it is to arrive [...] exact totals. Only two mon[...] ago, the BIS estimated Polar[...] total debt to the banks [...] $15.1bn rather than the $16.[...] now indicated.

Taken together with so[...] $10.5bn of debt to Western g[...] ernments this means [...] Poland's total debt to the W[...] at the end of last year app[...] ently stood at nearly $27[...] much more than the $2[...] figure suggested by Polish [...] cials at the start of this ye[...]

Reuter adds: A delegat[...] from Poland's Finance Minis[...] and its trade bank, Bank Ha[...] lowy, will attend the final sta[...] of the Zurich meeting, acc[...] ing to a Swiss Bank Corporat[...] spokesman.

Polish officials took part [...] the early stages of the [...] scheduling negotiations, but [...] in the last few meetings.

Third World debt, Page 2[...]

Talks to avert strikes reopen

THE POLISH Government yesterday reopened talks with Solidarity union officials to avert strike action this week by dock workers and by staff at the Lot state airline, Christopher Bobinski writes from Warsaw.

The threatened strikes are the first test for the newly-elected party leadership, which appealed for an end to confrontation and called on workers to increase productivity to make up for inflationary pay rises already granted.

Workers in the Baltic ports said they would start a national dock strike tomorrow if the authorities refuse extra holidays and additional payments for long-serving employees.

The 60-hour stoppage by Lot employees, due to begin on Friday, raises more complex issues. They are demanding the right to choose their own managing director and argue that this right is an essential part of worker self-management to which the Government is committed in principle as part of the overall economic reform.

Mr Mieczyslaw Rakowski, Deputy Prime Minister in charge of relations with the unions, restated the Government's opposition to the Lot demands in a tough speech to the congress on Monday. "Lot is an important link in the Warsaw Pact's defence system. There can be no doubt that the Government must retain the right to pick the director."

The Warsaw regional leadership of Solidarity has recommended that Lot workers limit their strike to a maximum of 24 hours.

Meanwhile, a bumper harvest has been jeopardised by flooding in the south-west near the East German border. Some 2,000 hectares of arable land are reported flooded in Legnica province.

French banks reduce base rates to 15.6%

BY TERRY DODSWORTH IN PARIS

THE FRENCH clearing banks yesterday responded favourably to the steady reduction in Paris money market rates by dropping their base rates from 15.9 to 15.6 per cent.

The cut follows the monetary authorities' efforts to bring rates down after they were forced up to defend the franc in the post-Presidential election period.

With the currency steadier, the authorities have been intervening to reduce day-to-day money market rates, which are now 17.75 per cent against 19 per cent at the beginning of the month.

The base rate reduction will give some encouragement to the Government, which has been growing anxious about the cash needs of many smaller companies, but the cost of bank borrowing remains exceptionally high for industry.

With rumours of a franc devaluation not entirely squashed the Bank of France is having to move cautiously towards lower rates.

On the Paris Bourse, prices shot up by almost 4 per cent yesterday, the biggest increase in one session since President Francois Mitterrand's election on May 10. Since Friday, the stockbrokers' index has gone up by almost 9 per cent, and now stands at 86.3.

Brokeres are cautious about the long-term trend because trading is thin by last year's standard, exaggerating the effect of any sizable purchases.

In addition, prices are being forced up by the flow of funds from the SICAV unit trusts which have to be invested in stocks, as wel as liquidity deriving from recent dividend payments.

On the positive side, the market is responding to indicatons that the Government may keep the so-called Monory SICACV's, which give tax relief to family investors on the Bourse, and which have proved enormously popular over the last three years.

There have been strong rumours that the Government maw maintain the "*avoir fiscal*" tax relief system on company dividends. Both the Monory SICAV's and the *avoir fiscal* measures were due to be abolished by the Socialists, but may be kept to stimulate savings in preparation for several bond issues.

Investigation before nationalisation plan

BY DAVID HOUSEGO IN PARIS

THE French Government is to appoint a senior official to most of the main banks and companies due to be nationalised with the task of reporting on their affairs before a detailed Bill is drafted.

A significant omission from the list are the three with a large foreign shareholding—CII Honeywell Bull, Roussel-Uclaf, and ITT-France. M Pierre Mauroy, the Prime Minister, has in their case spoken of negotiation rather than outright takeover.

Six officials are to be attached to the banks and eight to the industrial groups due for nationalisation. They must draw up a report before the end of August. The Government wants to lay a nationalisation Bill before the National Assembly in October.

The officials' status has been a subject of controversy. Banks and companies are resisting any attempt to give them responsibility while these institutions remain in private hands. It is understood that they will not formally be given an office in the groups to which they are attached but will have an "ambassadorial" role in seeking information not normally disclosed.

In the banking sector senior officials will be attached to Paribas, Suez, Credit Commercial de France, Credit Industriel et Commercial (part of the Suez group), and Credit du Nord (a subsidiary of Paribas). An official will also report on the smaller banks with a view to deciding on which should be brought under Government control.

Of the industrial groups, officials will be appointed to Compagnie Generale d'Electricite, Pechiney-Ugine-Kuhlmann, Thomson-Brandt, Saint Gobain, Rhone-Poulenc, Dassault, Matra, and the private steel sector.

Nationalisation plans, Page 22

West German car production down by 7%

BY KEVIN DONE IN FRANKFURT

CAR PRODUCTION in West Germany fell by 7 per cent to 1,822,400 in the first six months of this year. This compares with 1,974,376 cars produced in the corresponding period of 1980, according to figures released yesterday by the West German Motor Industry Federation.

The West German motor industry is still showing little sign of climbing out of the recession which began to hit output and sales two years ago. Output has been hit both by a weak home market and by falling demand in foreign markets.

Total vehicle exports from West Germany in the first six months, at 1,039,000, have fallen 9 per cent below the figure for the first half of 1980.

Unlike last year, West German motor manufacturers have been able to take little consolation from the commercial vehicles sector in 1981, where output has fallen by some 8 per cent this year.

Commercial vehicle production, at 24,800, was 14 per cent lower in June than the level a year ago, while car production in June alone showed a decline of 5 per cent to 298,000.

The industry federation says that demand is still weak in the home market, but there are signs of a recovery in sales in export markets.

New car registrations in West Germany in the first five months of 1981 fell by 4.8 per cent to 1,127,362, and imports are continuing to win a greater share of domestic sales. In the first five months, imports took 27.8 per cent of the West German market. Japanese makes accounted for 10.2 per cent. Imports took a share of 26.3 per cent in the corresponding period a year earlier, with Japanese cars accounting for 8.7 per cent.

Rising costs for materials and labour and squeezed profit margins have forced most manufacturers to raise prices already this year. Daimler Benz has now also followed suit. Prices for its cars have been raised by 3.4 per cent on average with a Type 200 now costing DM 23,764 (£5,200), and the Type 280S DM 39,290 (£8,597).

Spain's output falls 19.7%

BY TOM BURNS IN MADRID

SPANISH car output fell by 19.7 per cent in the first five months of this year, nearly 100,000 units less than the same period last year, according to the National Association of Car, Lorry and Tractor Manufacturers.

Its report said domestic sales had fallen by 10.6 per cent and exports were down by 20.4 per cent at the end of May.

Fasa-Renault was the chief producer over the five-month period with 124,198 units, followed by Ford with 105,078, and Seat with 91,945. Seat's output was 29.2 per cent below the same period last year. Renault and Ford were down 15.8 per cent and 10.5 per cent respectively.

Sr Francisco Balsemao . . . leadership criticised

Portuguese banking plan frictio[...]

By Diana Smith in Lisbon

PORTUGAL's centre ri[...] coalition Cabinet yester[...] strongly condemned the re[...] tion by what it called "Marxist wing" of [...] Revolutionary Council [...] government proposals to open the banking, insura[...] cement and fertili[...] industries to private capi[...] These sectors were nati[...] alised in 1975.

The council—watchdog of socialist 1976 constitutio[...] rebuffed the Governme[...] proposals last week, claim[...] they were so radical that th[...] amounted to an effec[...] review of the constitut[...] before the fully-fledged re[...] sion which is due in the n[...] year.

The Cabinet's communi[...] slated the council, a [...] elected body, which, it [...] had "trampled on parliam[...] and the elected represen[...] tives of the people" [...] making it even more diffic[...] for the Government to ca[...] out its economic programm[...]

This outburst against the Re[...] lutionary Council's action [...] the softer option of the ha[...] pressed Cabinet of Prem[...] Francisco Balsemao.

Sr Balsemao is under he[...] fire from the ranks of his o[...] coalition for lack of f[...] political leadership. S[...] leadership is considered so[...] what difficult when dispar[...] components of the allia[...] seem bent on pulling it [...] several directions at once.

• Portugal's visible tra[...] account slid into a $4.6[...] deficit in 1980—double [...] 1979 deficit. These figu[...] have been belatedly reveal[...] by the National Institute [...] Statistics, weeks after [...] Government discovere[...] through provisional calcu[...] tions, that the 1980 balan[...] of payments deficit would [...] $1.2bn.

Police chief in Naples sacked as gangland killings soar

BY JAMES BUXTON IN ROME

THE ITALIAN Government has decided to replace both the prefect and the police chief at Naples, apparently for their failure to halt gang warfare and street violence which has resulted in 115 murders this year.

The murder rate is far above that of last year, when 150 people died. In 1979 the number was 90.

Some 60 per cent of the killings are said to be the result of fighting between the three main gangs of the Camorra, the Neapolitan version of the Mafia.

An important cause of the fighting is the decline of the cigarette smuggling business, controlled by the Camorra, because of the dollar's 30 per cent rise against the Lira in the past seven months.

Smuggled cigarettes, paid for in dollars, can barely be sold at a profit and gangs are fighting over what remains of the business.

The authorities have long turned a blind eye to the cigarette smuggling, partly because it has provided employment for up to 40,000 families in some of the city's poorest quarters and partly for fear of the Camorra.

Now the violence is getting out of hand and there is concern that the Camorra may step up extortion in other fields. Last autumn Naples shopkeepers went on strike for a day in protest against Camorra extortion.

Many of the 50,000 poorer Neapolitans made homeless by last November's earthquake are still living in caravans and temporary shelters. Plans to build homes for them have yet to be implemented.

Promises by the city authorities of thousands of new jobs have yet to materialise and there are thought to be some 250,000 unemployed in a city of 1.2m.

The anger of the homeless a[...] unemployed regularly leads [...] the setting up of roadblocks a[...] throwing of petrol bombs [...] some parts of the city.

So far there has been no si[...] of the full-scale revolt fear[...] by the authorities since t[...] earthquake. Red Brigades te[...] rorists still hold hostage S[...] Ciro Cirillo, who is respo[...] sible for housing in the region[...] government.

Sig Cirillo was captured [...] late April and recent[...] sentenced to death. A videota[...] of his "trial" by the terroris[...] was broadcast non-stop for 2[...] hours last weekend by a Rom[...] event organised by the sma[...] private television station, a[...] Radical Party.

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to bank

S. Africa power stations blasted

ly Steven Friedman in ohannesburg

WO power stations in astern Transvaal were icked by 15 explosions early esterday morning. Extensive image was caused and veral areas were blacked it. A blast also occurred at sub-station at Delmas near retoria.

Unexploded limpet mines ere found nearby. The blasts opeared to be the most rions guerrilla attack since at on the Sasoil refinery last ear, and continued the attern of attacks on strategic urgets.

The explosions at the main amden and Arnot power ations happened within 10 inutes of each other. The wn of Ermelo was plunged to darkness.

The Delmas sub-station was adly damaged, but electricity applies in Pretoria were naffected.

The Electricity Supply Comission (Escom), which runs he power stations, said the lasts "looked like sabotage y terrorists."

Police say they have not etermined the origin of the ne which appeared to have et off the explosions. The ower stations are regarded y the South African defence orce as "key points," and no etails on security arrangements have been released.

In 1980 the Sasol refinery, wo police stations and a bank ear Pretoria were attacked. The bank was occupied by members of the banned African National Congress (ANC) and two civilians were illed and nine wounded.

There have been several guerrilla attacks this year, some apparently timed to coincide with Republic Day at the end of May. A police station near East London and railway lines in Durban and Johannesburg were hit.

Two explosions occurred in central Durban, one aimed at an army recruitment office. A power station serving black ens in Durban was attacked.

It is thought the ANC was esponsible for yesterday's lasts.

Commonwealth decides to move meeting

By David Tonge

COMMONWEALTH members yesterday decided to transfer their finance ministers' meeting due in September from Auckland to the Bahamas in protest against the New Zealand Government's failure o ban the tour by the South African Springbok rugby eam.

But the controversy caused y the tour continues since ome Commonwealth nations ave said they may boycott he Commonwealth Heads of Government meeting due in Melbourne in September if Mr Robert Muldoon, the New Zealand Prime Minister, ttends.

Mr Muldoon said last night hat his Government would tay away from the finance ministers' meeting now that has been moved. He had arlier threatened to epudiate the Commonwealth leneagles agreement to discourage sporting contacts with outh Africa.

A British Foreign Office pokesman said yesterday that ritain had accepted the "overwhelming consensus" of esterday's meeting in London the Commonwealth Secreriat "in the interests of ommonwealth harmony."

Australia reviews pay policy

By Patricia Newby in Canberra

USTRALIA'S ailing pay olicy will be reviewed today the Australian Arbitration Commission against a background of strikes based on aims outside the guidelines.

Transport workers have een on strike for five days support of a 10 per cent aim above the twice-yearly rbitration Commission wards to all the country's orkers.

Victoria State was facing ower blackouts last night nd tight restrictions on use electricity because of a rike by power workers.

The State Electricity Commission warned that power ight not be available even r essential services.

Some telecommunication nd postal workers are on rike over claims outside the ational policy.

Mr Malcolm Fraser, the rime Minister, indicated last ight that the policy should altered at least to allow e Conciliation and Arbitration Commission to hear sputes.

The Arbitration Commission nnot rule on claims for gher pay or a reduction in orking hours because they e outside guidelines for e twice-yearly pay rise.

Tony Walker in Peking assesses China's verdict on Chairman Mao

Deng gives the answer to 'certain questions'

DENG XIAOPING, China's powerful Vice-Chairman, was quite frank at the weekend when outlining the achievements of the recently cocluded meeting of the Chinese Communist Party central committee which further reduced Moaist influence in the leadership.

The Central Committee had endorsed "new arangements" in the leadership, Deng said, which guaranteed the continuation of China's present policies. The Vice-Chairman told the editor of a Hong Kong left-wing publication that China's main task was now economic modernisation.

For the remarkable Mr Deng, the results of the sixth plenary meeting of the central committee, notably the demotion of the colourless Hua Guofeng from the chairmanship to the bottom rung of the ruling Poliburo's standing committee, are no doubt a source of deep satisfaction. Not only did Deng manoeuvre one of his own proteges, Ho Vaobang, into the party leadership, but his reformist policies were also endorsed and further progress was made in laying to rest the ghost of the late chairman Mao.

Deng won the Central Committee's endorsement for a lengthy document which has the ponderous title "Resolution on Certain Questions in the History of Our Party Since the Founding of The People's Republic of China," but which is effectively a grim judgment on Mao's contribution between 1949 and his death in 1976.

By assailing the late Chairman's errors in a blunt fashion and by ridiculing his hand picked successor over his alleged opposition to reformist policies, the moderates have signalled to residual supporters of more doctrinaire Maoist views that there is not much future in clinging to such beliefs.

The leadership stopped short of outright condemnation of the late Chairman. After all it was Mao who helped found the Party and who led it to victory. Neither Stalin nor Khruschev, both of whom suffered harsh posthumous judgments, could claim such a feat.

But while the dominant moderate faction has clearly established its ascendancy, it still faces some opposition from a military not altogether happy with the modernising drive, and from conservative bureaucrats who fear the consequence for their own positions as a result of reformist policies now being implemented.

The survival of a battered and bruised Hua Guofeng, albeit on the bottom rung of the Standing Committee of the Politburo, may be a concession to the latter group. As for the military, which is reported to have dug its heels in over some of the changes being proposed, it is significant that Deng himself has taken the key political job of Chairman of the Military Commission, which acts as a bridge between the Party and the army.

It is sometimes forgotten that Deng Xiaoping has a longstanding and close connection with the old-guard generals. He took part in the Long March and in a number of heroic battles as well in the course of the Chinese revolution. It was perhaps significant that on the eve of the Plenum, People's Daily, the Communist Party newspaper, published prominently on its front page a battlefield photograph of four celebrated Communist marshals—Chen Yi, Peng Dehuai, He Long and Zhu De. There in the midst of the group was the pint-sized Deng.

The biggest casualty of the recent upheaval has been the hapless Hua Guofeng. It is a wonder that Hua survives in any leadership position at all after the humiliating criticism to which he was subjected in the historical document on Mao.

Hua, it was said promoted the so-called "two-whatevers policy"—whatever Mao said and whatever he did, were right. Hua tried to suppress in 1978 an objective assessment of past mistakes by the Party and he opposed the rehabilitation of veteran officials hounded from their posts during the Cultural Revolution of the 1960s.

It was no surprise that the usually affable—at least in public—Hua looked on television last week like a man who had just had a most depressing encounter with his bank manager.

Hu Yaobang, in his speech in the Great Hall of the People on July 1 to mark the Party's 60th anniversary, called on party members to rally behind the policies agreed by the central committee in 1978 at a meeting where Deng firmly re-asserted his authority after his rehabiliation the year before.

The tone of the new Chairman's speech was conciliatory, which is probably just as well after what has almost certainly been a frightening power struggle at the top of the party.

Nevertheless, the holding of the plenum and its resolution of outstanding problems is a positive development. Infighting over Hua's demotion has had a stifling effect on China's decision-making so far this year, notably over the economy. Important investment decisions have been deferred, even in designated priority areas such as energy and transport.

The Dengist victory is also significant for China's relations with the outside world. The Chinese appear firmly committed to expanding relationships where possible and where there

Mao Tsetung (above left), removed from his pedestal by Deng Xiaoping

is some mutual advantage. China is about to enter into important partnerships with foreign oil companies to exploit its offshore oil resources. Despite recent economic readjustment which has meant heavy cuts in capital construction spending, the Chinese are still negotiating deals with the West.

Implicit in the appointment of Hu Yaobang and the forces he represents is a recognition of the need for younger men and women to be allowed to take over positions of responsibility.

The promotion of a state Premier, Zhao Ziyang to number four position in the Party hierarchy has contributed further to the impression of a limited rejuvenation of China's ageing leadership.

But Deng, at the age of 77, remains the dominant figure in the Party. His presence at the top will probably be needed for several years yet so that he can continue the role of mother hen for the reformists he has elevated—and ensure protection for them against unreconstructed Maoists, including Hua Guofeng, who could yet seek a comeback.

Palestinians and Israelis as far apart as ever on Lebanon ceasefire terms

BY OUR FOREIGN STAFF

ISRAEL and the Palestine Liberation Organisation (PLO) seemed yesterday to be setting mutually unacceptable terms for halting the latest round of bloodshed in Lebanon.

Israel is reluctant to accept any ceasefire because it suspects the lull in the fighting will be used by the guerrillas to regroup and rearm. This problem was at the centre of a prolonged Cabinet meeting yesterday which debated how Israel should respond to Washington's call for a halt to the bloodshed.

Mr Menahem Begin, the Prime Minister, believes that the only acceptable outcome of the limited war would be the permanent halting of all guerrilla activity in Lebanon by driving the PLO out of the country.

The PLO has made its acceptance of a ceasefire conditional on cessation of all Israeli flights over Lebanon. Mr Yasser Arafat, the PLO chairman, is reported to have informed the UN of the Palestinian position.

The PLO request, in effect, demands that Israel should halt its policy of "preventive strikes" against the Palestinians in Lebanon which was initiated two years ago.

Many Israelis realise however, that Mr Begin's demands are impractical unless there is a solution to the overall Palestinian problem. Even in the Cabinet, some ministers felt that the Israel target was unattainable.

Their positon has been reinforced by the unprecedented ability demonstrated by the Palestinians in the past week to keep up their attacks on Israel, despite massive bombardments by the Israeli Air Force and Navy.

Mr Begin was to meet last night with Mr Philip Habib, Ronald Reagan's special envoy, to report on the Cabinet's response to his request for a mandate to seek a ceasefire in the region. Mr Habib has said that only if Israel expresses willingness to implement a ceasefire will there be any point to his peace mission.

There is increasing concern in Israel over the growing strain in relations with the U.S. which began with the bombing of the Iraqi nuclear reactor and intensified after last week's air strike against Palestinian targets in Beirut which left hundreds dead and wounded.

President Reagan's decision to maintain the embargo on the delivery of 10 F-16 fighter aircraft is being viewed in Israel as signalling the most serious crisis in relations between Jerusalem and Washington since 1956, when President Eisenhower threatened to cut off all aid to Israel if it did not withdraw its army from Sinai.

Mr Simcha Dinitz, the former Israeli ambassador in Washington, said the U.S. move is "unprecedented and breaks the rule we have always maintained with the U.S. that deliveries of arms are not contingent upon political developments."

Analysts in Beirut have also noted that the Palestinians have emerged well from the latest round of battles with the Israelis. Arab and Western military sources said the Israeli land operation in the Zahrani area in south Lebanon early on Monday was not only unsuccessful but verged on a debacle.

Three helicopter loads of Israeli commandos carried out the raid, but the element of surprise was not on their side. They found the guerrillas waiting for them. They were pounded with artillery the minute they landed, and admitted that one of their officers was killed and six soldiers wounded.

Our Foreign Staff adds: Egypt has reduced its oil price for the third time this year to $33 a barrel, making a total drop in price of $7.50 since the start of the year.

Ottawa declaration, Page 4

Terry Povey in Tehran talks to the new central bank Governor

Counter claims go in to hostage tribunal

IRAN has sent in counter-claims against the 2,000 or more claims filed against it by U.S. companies under the terms of the agreement that ended the hostage crisis in January, according to the new governor of Iran's central bank. These counter-claims are "perhaps for the same amounts" as those put forward by the U.S. companies to the arbitrators meeting in The Hague, Dr Mohsen Nourbaksh said this week.

Iran has also put forward 40 claims of its own, according to Dr Nourbaksh, who took over at the central bank last month. But he accepted that the arbitration tribunals will not begin working on the claims before September and would take many years to complete the task. "We expect about seven years," he said.

Iran is expecting this week to receive some $1.5bn of its deposits from the Federal Reserve in New York and a further $1bn is to be placed in an escrow (third-party) dollar account for the settlement of claims. Dr Nourbaksh said that he did not expect Iran to be required to pay on the claims.

"We have all out counter-claims and in some of the cases I have looked at, it is the U.S. company that should pay for failing to fulfill. All this is up to the arbitrators and we remain committed to paying what they decide."

Dr Nourbaksh looks more like an earnest young technocrat than a member of the fiery fundamentalist camp that dominates Iranian political life. Yet his revolutionary credentials must have been impeccable for him to take over what is arguably the most important single institution dealing with the economy. He replaced Mr Ali Reza Nowbari, who was appointed by Mr Abalhussan Bani Sadr, the disgraced former president.

Born in Isfahan, a city whose businessmen and traders are legendary in Iran, Dr Nourbakhsh, at 33, is probably the youngest central banker in the world. He is a professional economist having studied first at Tehran University, and then for his doctorate in the U.S. The new governor is credited with research work on Islamic economics, inflation and the problems of unemployment.

"I am not an out-and-out monetarist," he says. "Money has its role, but it does not rule in the economy of a Third World country such as Iran."

Dr Nourbaksh said he could not give an exact figure for Iran's current oil exports, saying that it varied from week to week "sometimes 700,000 b/d and sometimes over 1m b/d." He was confident, however, that the target on which the budget is computed—an average of just above 1.3m b/d for this present year—would be met.

He believed there will be a general improvement in the oil market later in the year and that production cuts by the oil exporting countries will help "normalise the market." He was adamant that Iran would not cut prices to attract new customers as other producers have done. "No possibility of this whatsoever. Even if we have to reduce our export levels we would rather do this than cut prices. A price of $37 per barrel is one of the achievements of our revolution and we will not give it up," he said.

Press reports of price cuts by Libya—which he claimed had been denied—and other Middle East producers were a "trick by the West to force down prices." It seems, however, that the $1.80 premium which many of Iran's customers are now paying might be applied more flexibly in the next round of contract negotiations due in September.

Dr Nourbaksh said that Iran's foreign exchange reserves had risen above $4bn but he would not say by how much. Some $1.5bn from the U.S. Federal Reserve will be added to this figure "within this week."

Looking to the future, the governor agreed that one effect of reducing money supply would be further cut to private sector activity. This would not however put up the rate of unemployment for there would be a compensating increase in state economic activity, he claimed. "Our economic policy is in the direction of giving Government the major role in the economy," he said.

The governor denied that any plans existed for a major devaluation of the currency.

Inflation, along with unemployment were two major concerns for the central bank, said Dr Nourbaksh. Limiting the money supply was aimed at remedying the first of these. For the past two months, inflation has been rising at the rate of 2 per cent per month, and he said that a figure of some 30 per cent for the current year was being predicted.

Dutch to take over account

THE DUTCH central bank is expected to administer the special account from which claims will be met arising from the occupation of the U.S. embassy in Iran, Charles Batchelor writes from Amsterdam. The central bank has established a subsidiary, called the Settlement Bank of the Netherlands, which could handle any payments.

The special account would be opened in the name of the Algerian central bank, which would order any payments on the basis of the tribunal's recommendations. At present the Bank of England maintains an escrow account to receive the Iranian funds when they are transferred from the U.S. but it announced earlier this week that this account will be allowed to lapse, presumably to allow the Dutch to take over the responsibility.

European leaders pleased by summit's Lebanon statement

BY JOHN WYLES IN OTTAWA

THE OTTAWA summit's condemnation of Israeli attacks on southern Lebanon is regarded by the four European leaders taking part as encouraging an intensification of U.S. pressure on the Begin Government.

The summit statement and President Reagan's simultaneous decision to suspend deliveries of 10 F16 fighters is seen as recognition by the Americans of European arguments that the West must be more even-handed in its approach to the Arab-Israeli conflict.

"It is important that the U.S. has underwritten this language," commented a British official. The UK was particularly active in urging the strongest possible summit reaction to the fighting in Lebanon.

In the event the statement avoided direct mention of Israel, but it laid heavy emphasis on the Heads of Governments' distress at "the scale of destruction, particularly in Lebanon and the heavy civilian loss of life on both sides."

The seven leaders went on to "call on all states and parties to exercise restraint, in particular to avoid retaliation which only results in escalation, and to forego acts which could lead, in the current tense situation in the area, to further bloodshed and war."

They said they were particularly concerned in this respect "by the tragic fate of the Lebanese people" and pledged their support for efforts to permit Lebanon "to achieve genuine national reconciliation, internal security and peace with its neighbours."

The Middle East declaration is the centre-piece of a four-page statement which on East-West issues treads a delicate path between somewhat divergent U.S. and European views. The key dialogue at the summit has been between Chancellor Helmut Schmidt of West Germany and President Reagan, with the former putting the now-classic European emphasis on the need to "negotiate" with the Soviet Union on the possibilities of restoring detente dependent on actual Soviet behaviour.

But the strong European interest in arms control negotiations could not be ignored, and the statement expresses the leaders' conviction "of the importance of working towards balanced and verifiable arms control and disarmament agreements in pursuit of undiminished security at lower levels of armament and expenditure."

The summit gave explicit support to the European Community's initiative on Afghanistan and called on the Soviet Union to accept the proposal for an international conference to end external intervention in the country. An unexpected by-product of this discussion was a decision to act on a previous world summit declaration issued in Bonn in 1978 aimed at combating aircraft hijackings.

As a result, the seven Governments have agreed to suspend all flights to and from Afghanistan until the Babrak Karmal Government takes steps to comply with the Bonn declaration. This would mean denying refuge to the hijackers of the Pakistan International Airlines aircraft which was forced to fly to Kabul in March.

The Karmal regime's conduct during the hijacking and its granting of refuge to the hijackers "was and is in flagrant breach of its international obligations under the Hague convention

It called on other states with similar concerns for air safety to "take appropriate action to persuade Afghanistan to honour its obligations."

Mr Trudeau and M Mitterrand make careful adjustments for an official summit photograph

U.S. postal accord fails over 'misunderstanding'

WASHINGTON—A tentative agreement to avert a nationwide U.S. postal strike collapsed early yesterday less than an hour after it was announced by union negotiators. But talks on a settlement are to continue.

The old contract expired at midnight on Monday, but union officials said they would not call a strike while negotiations went on with the U.S. postal Service for a new three-year pact on wages and benefits.

Officials of two of the main postal unions announced an agreement early yesterday and urged that their 500,000 members should ratify the pact. Within an hour, however, the officials said there had been a misunderstanding and there was no accord.

A federal mediator immediately called the two sides back to the bargaining table.

Although it is against the law for postal workers to strike, the unions, including two others representing another 100,000 workers, had set an informal midnight deadline for a settlement.

Postal service officials said contingency plans had been made to keep the mails going. These included the use of troops to move mail between post offices and shipping points but not to make home deliveries.

Meanwhile, in Canada, an official mediator, Government representatives and leaders of the Canadian Union of Postal Workers were continuing talks aimed at ending a 23-day-old strike by Canadian postal employees.

Agencies

Elf Aquitaine ignores takeover delay plea

BY DAVID BUCHAN IN WASHINGTON

ELF AQUITAINE, the nationally-owned French oil company, said yesterday it was ignoring a U.S. Government request to delay its planned take-over of Texasgulf and that it was proceeding with its purchase of the U.S. company, which is a leading oil and minerals produced.

The U.S. appealed directly to the French Government for a delay on the take-over. The French Government owns two-thirds of Elf, which is rated about tenth in the world oil company league. An Elf spokesman in New York would not comment on the French Government's reaction, but said that Efl had "a legal obligation to pursue its offer for Texasgulf shares, due to close on July 27.

The Administration is concerned about the nationalisation policies of the Mitterrand Government, and in particular whether Elf Aquitaine would run Texasgulf purely as a commercial enterprise

There is also a Canadian aspect to the Elf-Texasgulf take-over, by which the Canada Development Corporation, controlled by the Ottawa Government, is swapping its Texasgulf shares with Elf in return for Texasgulf's holdings in Canada.

The U.S. Administration and Congress have complained that Canada is discriminating against foreign companies operating in the Canadian energy sector, while at the same time Canadian companies have been making raids over the border

VENEZUELA'S OIL PLANS

Changing gear for slower growth

BY KIM FUAD IN CARACAS

A PALL OF uncertainty has fallen over Venezuelan plans to invest more than $22bn in its state oil industry over the next five years. The current glut in world oil markets has forced the South American producer to reduce its output and to revise earlier revenue projections based on a steady escalation of oil prices.

Venezuela's decision to join other members of Opec (the Organisation of Petroleum Exporting Countries) in reducing production by 10 per cent and the unlikelihood of price increases while the present over-supply persists have invalidated many of the hypotheses used by government planners in drafting the country's Sixth National Economic Plan.

The Plan, whcih has yet to be unveiled officially, estimates that Venezuelan oil production will average 2,270,000 barrels per day (b/d) between 1981 and 1985 on the assumption that export prices might grow by 12 per cent annually, from an average $30.15 per barrel in 1981 to $47.44 per barrel in 1985.

By mid-July, Venezuelan oil production had dropped to less than 1.8m b/d while ouput in the first half of 1981 was around 2.1m b/d. Moreover, following four successive reductions in export prices for residual fuel oil which makes up about a quarter of Venezuela's total exports, the $30.15 per barrel average cited in the Plan has now declined further.

Government planners have yet to come up with a new set of figures to reflect lower oil revenue expectations. If current conditions prevail in the oil markets over the next two years, as many experts predict, the state oil industry will have to revise its investment plans both in their magnitude and in their financing.

Attention has focused particularly on the development of the Oronoco oil belt where the industry has planned to invest about $8bn up to 1988 to begin commercial production of the area's huge potential of non-conventional heavy crudes with a goal of 1m b/d by the end of century.

There are unconfirmed reports that the central government is prepared to dip into the oil industry's $7bn investment funds to make up for declining oil revenues which provide 70 per cent of Venezuela's budget financing. This has prompted speculation that some foreign capital may be needed to help develop the Orinoco reserves.

A potential reliance on foreign capital markets or direct foreign investment poses serious political problems. At the end of 1980, Venezuela's foreign debt was estimated at $17.6bn and the opposition-controlled National Congress is clearly reluctant to sanction any major further growth in foreign loan commitments. While direct foreign investment in association with the state oil industry is permitted by law, it is politically unpalatable for many Venezuelans.

Nonetheless, the country's largest opposition party, Accion Democatica — which nationalised the oil industry in 1976 under the Government of former President Carlos Andres Perez —is known to consider some element of foreign financing for the Orinoco oil belt as a viable option.

Some Accion Democratica oil experts feel that current plans to develop the Orinoco oil are too ambitious. They suggest that Venezuela should finance only initial pilot tests of the area, to determine whether the heavy oil can be produced and processed profitably. Long-term supply agreements could then be sought with consumer nations to foot the bill for large-scale commercial projects in the belt.

The present Administration of President Luis Herrera Campins has given the green light to a rapid development of the Orinoco oil, however, stressing that it provides the only means to shore up Venezuela's fast-dwindling production from traditional oil fields.

The immediate challenge for Venezuela, however, remains an adjustment to a slower growth in oil revenues. The sixth national plan's estimate that oil can finance three-quarters of the Government's proposed spending target of $170bn no longer appears valid. The Goverment has promised to reduce its expenditure and to seek more income from non-petroleum sectors. Higher cigarette and liquor taxes were approved in July, for example, and more efficient tax collection is intended in a nation where only one out of 20 income earners pays taxes. But such efforts only underline the inescapable importance of oil revenues for Venezuela and will still leave them accounting for two-thirds of the 1982 budget.

Drilling starts in Georges Bank

By Paul Betts in New York

AFTER six years of bitter debate, drilling for oil and gas will begin this week in Georges Bank, one of the world's richest fishing grounds lying about 200 miles off the coast of Massachusetts.

The start of oil exploration in the offshore area, despite continuing opposition by the fishing industry and environmentalists, reflects the more tolerant attitude of the Reagan Administration, which is seeking to speed up oil and gas exploration and development activity in the country's outer continental shelf.

Shell Oil, the U.S. affiliate of the Royal Dutch Shell group, said yesterday it expects to start drilling immediately in one of three lease blocks it acquired in partnership with other U.S. oil companies for a total of $86m (£46m) two years ago.

Shell estimates that the cost of drilling its first well in Georges Bank will be about $24m. The oil company's other partners are Cities Service, Phillips Petroleum and Louisiana Land an Exploration.

Other oil companies are expected to begin exploratory drilling in the area shortly. These include Exxon, which is expected to start next month, and Mobil, which is expected to begin in the autumn. Getty, Tenneco, Union Oil of California and Murphy Oil are all likely to start drilling next year.

Although fishing interests claim drilling could seriously endanger the fishing grounds, the U.S. oil industry claims that drilling and fishing can co-exist.

According to the U.S. Geologic Survey, the Georges Bank offshore area is estimated to have a potential of 2.5bn barrels of oil and 18.2 trillion (million million) cubic feet of natural gas. The potential of the current tracts under lease from the first Georges Bank sale in December 1979 are put at 31.6m barrels of oil and 277.9bn cubic feet of gas.

The oil companies clearly hope to strike it big in this north Atlantic area after the disappointment of drilling in the Baltimore Canyon offshore area further south off the coast of New Jersey. Since 1978, when drilling started in the Baltimore Canyon area, the oil industry has spent more than $1.7bn on leases and drilling costs but have failed to make any commercial discoveries.

In a related development, 212 lease tracts were being sold yesterday in the Gulf of Mexico off Louisiana and Texas. The Gulf of Mexico sale is attracting considerable interest and oil companies are expected to bid more than $1bn for these tracts. More than 100 oil companies were participating in the auction at New Orleans.

The main attraction of the Gulf leases are prospects of good if not spectacular gas finds in this extremely heavily drilled area of the U.S. continental shelf. Last year, oil companies spent more than $4bn at two sales for leases in the Gulf.

Peruvian dilemma

The Peruvian Government will soon have to decide whether to cut back public spending drastically or dismiss several thousand public employees if it is to balance its budget, AP-DJ reports from Lima.

The Government faces a $1m deficit by December if worldwide mineral prices, principally silver and copper, do not improve. Sr Manuel Ulloa Elias, the Economy Minister, has promised that policies will not be imposed "brutally

Fokker, McDonnell test reaction to joint jetliner

BY CHARLES BATCHELOR IN AMSTERDAM

FOKKER, the Dutch aircraft maker, and McDonnell Douglas have started sounding out the reaction of the world's airlines to their proposed joint medium-range jet airliner, codenamed the MDF-100.

The two companies have agreed on many points of the common design, but are still undecided on two important aspects—the passenger capacity and the number of aisles.

Fokker, which has brought its ideas for its F-29 twin jet into the project, is in favour of producing a 130-seat aircraft with one aisle. McDonnell Douglas, which has been working on an airliner codenamed the DC-11, wants a 150-seater with two aisles.

The Dutch and U.S. companies signed a memorandum of understanding on May 1 to develop jointly a new 150-seat airliner. The programme co-ordination office established by the two companies has spent the past 2¼ months amalgamating the two designs.

The designers reached rapid agreement on more than 100 of the 180 points of difference, though more time was needed for the remaining 70 or so, Fokker said. Sufficient agreement has been reached, however, to approach the airlines for their reaction.

Fokker would prefer to start with a smaller version of the new aircraft and extend this later. It is also in favour of a single aisled aircraft which would be lighter and use less fuel than one with two aisles.

The two partners are particularly interested in the reaction of two large U.S. airlines, United and Delta, and of KLM, the Dutch national carrier.

They expect to hear the views of these companies next month. They will then make any modifications and hope to have a final design by November, Fokker said.

If a decision is taken to go ahead with the project, and this depends on finding enough launch customers, the first MDF-100 would go into service in early 1986.

TDA buys three more Airbuses

BY RICHARD C. HANSON IN TOKYO

JAPAN'S SMALLEST and most troubled domestic carrier Toa Domestic Airlines (TDA) has agreed to go ahead with the purchase of three more contracted A-300s from Airbus Industrie.

TDA's financial and domestic routing problems had earlier caused it to baulk at going ahead with a 1978 Airbus contract, which calls for the purchase of nine A-300s in total. Three aircraft have already been put into service.

Under the agreement reached in Tokyo this week, TDA will decide in September on a schedule for delivery of the final three aircraft.

The fourth A-300 will be delivered in November, as called for under the original contract. Delivery of numbers five and six will be allowed to be postponed two and four months respectively to February and June next year.

In September, TDA will decide whether it is cheaper to pay the cost escalation fee charged for postponing delivery, or the interest on loans to make the purchase.

The foreign exchange outlook will also figure in the decision now that the yen's steep depreciation has escalated the cost.

TDA expects to suffer a net loss this year (ending March 31, 1982) of about Y6bn (£13.7m) giving it a cumulative loss exceeding its Y9.5bn capitalisation.

Plans to use the A-300 on domestic routes (TDA has no international flights) have been thrown into disarray since 1978 by troubles facing the industry generally.

EEC diplomats reacted strongly to an attempt made earlier by TDA to cancel delivery of the last three aircraft, and delay deliveries of numbers four, five and six.

TDA agreed to buy the A-300s as part of a Japanese Government effort to solve the last round of trade frictions with Europe, which peaked in 1973.

TDA complains that it will not be able to use the A-300s profitably without route concessions from the Government.

Salzgitter wins £32m Soviet steel pipes order

BY KEVIN DONE IN FRANKFURT

SALZGITTER, the West German steel and mechanical engineering group, has won a major steel pipes order from the Soviet Union understood to be worth about DM 150m (£32.3m).

The order follows earlier substantial pipe sales made to the USSR by the Mannesmann group which was awarded a further order in April for 550,000 tonnes of large diameter steel pipes.

The Salzgitter contract has been won jointly by the state-owned steel group and Estel Hoesch, the Dutch/German steel concern. The order is for 100,000 tonnes of high pressure, spirally-welded pipes, a technology which previously has found little favour in the Soviet Union.

The pipes will be used for the expansion of the Soviet gas transmission system. The order has no connection with the scheme being negotiated by Moscow and West European companies to build a new 5,000 km gas trunkline link between Western Siberia and Western Europe.

This scheme which could cost as much as DM 20bn to implement is still stalled because of serious disagreements between the Soviet Union and Western companies and banks over interest rates for long-term financing and over the prices that should be paid for gas and equipment deliveries.

Reuter reports from Tokyo: The Soviet Union has agreed to buy about 190,000 tonnes of Japanese seamless steel pipes for oil wells, at a price about 30 per cent higher than the previous contract, for shipment in the second half of fiscal 1981 ending next March, Sumitomo Metal Industries said.

The Soviet Union, which buys Japanese seamless pipes on a half-yearly basis, bought about 200,000 tonnes in the first half-year at an undisclosed price.

Negotiations for the latest deal started in Moscow last week between four Japanese steel manufacturers — Nippon Steel, Kawasaki Steel, Nippon Kokan KK and Sumitomo Metal Industries — and the Soviet Union's Metal Products Import Corporation.

The four Japanese companies have also recently agreed to sell a total of 750,000 tonnes of large-diameter steel pipes to the Soviet Union by the end of next March.

Italy in furnace contract

BY JAMES BUXTON IN ROME

ITALIMPIANTI, the Italian plant engineering group, part of the Iri-Italsider group, has won a further big contract for steel plant work in Portugal.

It is to rebuild a blast furnace and construct four new reheating furnaces for the state-owned National Steel Company's plant at Seixal near Lisbon.

The total value of the contract is about $33bn (£17.7bn). It follows Italimpianti's winning last year of a contract worth about $50m for the construction of a new blast furnace at the same plant.

The winning of the contract is part of the continued run of success of the Italian plant engineering industry. The reasons for its success include the fact that state-owned concerns like Italimpianti can draw on the resources of other state groups engineering without each subcontractor insisting on big margins.

Brush Power in £4m deal

BRUSH Power Equipment of Bridgend, Glamorgan, part of Hawker Siddeley, is to supply Libya with transmission line equipment worth £4m.

Twin spaced dampers are to be exported for use on about 1,370 miles of overhead line being erected along Libya's coastal region for the Secretariat of Electricity. The order was placed by Energoinvest of Yugoslavia, acting as purchasing agent for its Libyan-based contracting organisation, the electrical projects company.

Deliveries will start immediately and will continue over the next 18 months.

● Brown Boveri Kent companies will supply measurement and control equipment worth nearly £2m to Kuwait over the next two years. The orders are for high pressure desuperheater valves, water analytical equipment, electronic and pneumatic differential-pressure transmitters, and pneumatic power cylinders for the Doha West power station.

● Coles Cranes has sold three of its new Colossus 4200 mobile port tower cranes to the Major Projects Administration of Syria for use in Latakia and Tartous harbours. Total value of the contract, which includes parts and the training of Syrian engineers in the operation and maintenance of the cranes is £2.2m.

● Skeltonhall of Sheffield has been awarded its third order from SETE Consultants and Services for the New Jeddah airport project in Saudi Arabia.

The order, valued at more than £1.5m, is for the metering and commercial computer systems associated with the 24 road loading meter skids the company sent in June.

European stubbornness could start export credits war

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE U.S. expects an unrestrained export credits war if efforts to change the international guidelines governing the minimum interest rates are not successful by October.

If West European nations do not agree to reduce thes subsidies they are paying, "all the gloves will come off," Mr Robert Cornell, Deputy Assistant Secretary at the U.S. Treasury, told a Senate Banking sub-committee.

"October is the last chance," said Mr Cornell, referring to a negotiatiating session planned in Paris at the Organisation for Economic Co-operation and Development (OECD).

This is the first time the U.S. has set a definite deadline for the limits of its patience on an issue which has been aggravating commercial relations between the U.S., the EEC and Japan for the last two years.

The issue is the level at which minimum interest rates should be set in the international guidelines for exports credits in relation to the market cost of funds. The guidelines specify minimums of between 7.5 and 8.75 per cent, while market rates for funds in some countries have moved to double that.

The U.S. has been pushing energetically both for a rise in the interest rates specified by the guidelines and for a mechanism which would permit these rates to change automatically in line with market movements.

A range of options is open to the U.S. if there is no agreement at the October negotiating session. It could take action under the subsidies code of the General Agreement on Tariffs and Trade (GATT) or it could invoke Section 301 of the U.S. Trade Act 1974, which permits retaliation against unfair competition.

The Labour-Industry Coalition for International Trade in Washington has already drafted a petition for 301 action but is presently staying its hand, awaiting the outcome of the Reagan Administration's negotiations.

This probably suits the Administration which can use the threat of possible 301 action as a negotiating card. In much the same way the Administration can use the threats of Congressional action to establish special contingency funds which the Export-Import Bank of the U.S. can use to counter competitive threats from European countries and Japan.

Both Mr Cornell and Mr William Draper, recently confirmed as the new Eximbank chairmen, told the Senate Banking sub-committee that establishing a $1bn contingency fund would be a bad precedent now.

The bill, however, should be kept on the table, Mr Cornell said, "where its intent and potential effect are apparent to all."

This bill, sponsored by Senator John Heinz, has a counterpart in the House of Representatives, sponsored by Mr Stephen Neal, and both the House and the Senate have current resolutions urging the Administration quickly to resolve the exports credits dispute.

Not that the Administration lacks the will. "I hope people understand just how strongly we do not like the present abuse of export credits," Mr William Brock, the U.S. Trade Representative, said in London recently.

This abuse, as the U.S. sees it, comes from the greater European and Japanese willingness to adopt financial devices to bridge the gap between the guideline interest rates and the market cost of money, and, hence, to subsidise exports.

The U.S. also complains about the widening practice of offering aid funds with credits at guideline interest rates to win orders. Such practices lower the effective interest rate to the borrower and, thus, increase the subsidy element.

While both the Administration and the U.S. Congress have been chafing at the slow progress towards change, there have been indications that a rapprochement between the U.S. and the EEC is possible.

Informally, the European Commission has been floating the idea of an increase of 2 per cent across the board in the interest rates specified in the guidelines and the prospect of regular review.

Although the U.S. considers 2 per cent a minimum response to the problem, there is some feeling in European circles that the U.S. might eventually accept it. The U.S., it appears, is prepared to hold back on its demand for an automatic system of change.

This shifts the centre of the dispute back to Japan, where the long-term prime lending rate is 8.5 per cent, still lower than the guidelines rate after a 2 per cent increase.

Japanese officials yesterday were saying that the Government has been embarrassed by the EEC suggestion. The EEC's thinking is that commercial credits below the guidelines are acceptable, but not official finance, which should be offered with a premium on the Japanese prime lending rate. Generally, EEC Governments would not be prepared to demand higher interest rates while allowing Japan to take less. So far, Japan has not shown any inclination to modify its stand. If it does not, it is suggested, the October talks will probably break down.

Bill Brock: dislike of credit abuse

West German insurance payouts double

BY JONATHAN CARR IN BONN

WEST GERMAN state-backed export insurance payouts virtually doubled last year to more than DM 640m (£137m), largely because of the severe setback to business with Iran.

This emerges from a report issued yesterday by the Economics Ministry, which reveals the marked increase in risks to exports from political—as against strictly economic—upheavals.

The report says that last year DM 624m was paid out on claims arising from "political damage," compared with DM 317m in 1979, while only DM 16.8m was paid for "economic damage," against DM 51m before.

Of the total sum on the political side, no less than DM 344m was accounted for by setbacks in Iran. A further large, but unspecified, sum went on claims in connection with business with Turkey.

Because of these unusually large payouts, export insurance expenditure last year—accounted for largely through the Hermes organisation—exceeded income by DM 13.6m. But the report shows no alarm about this, noting that the state has repeatedly made big profits on its export insurance business over the more than three decades the scheme has been operating.

The cumulative value of export business covered at the end of last year totalled DM 117bn—a rise of 14 per cent on the end-1979 figure and well within the upper limit of DM 150bn authorised under the 1980 budget law.

New export business covered last year was worth DM 28.5bn, of which 71 per cent involved the developing countries (including OPEC) and 21 per cent the state trading nations.

By product, more than one-third of the exports covered are industrial plant and one-fifth machinery. This is broadly in line with the development in previous ye

Electricity supply industry cuts demand forecasts

THE GLOOMY economic outlook has led the electricity supply industry to reduce its forecasts of future power demand significantly.

The Electricity Council's medium-term development plan for 1981-88 estimates that power sales in England and Wales will grow only by an annual average of 0.8 per cent over the coming seven years.

The figures have three key implications. The industry is likely to find it more difficult than expected to meet its financial targets; it will face renewed criticism over its substantial power station expansion programme and it may need to burn less coal than previously thought, posing problems for the National Coal Board.

The plan estimates that demand will rise from 217 terawatt (million million watt) hours in 1981-82 to 240 TWH in 1987-88. Simultaneous maximum demand—the greatest amount of power demanded at one moment—will go up from 44,000 MW now to 49,000 MW in 1987-88.

The council says the figures for the early years are significantly lower than previous forecasts because of a "substantial deterioration in short-term economic prospects."

Its estimate for 1985-86 is now 232 TWH compared with 236.6 TWH a year ago and 255 TWH predicted in 1979.

The council adds that because of the recession and the additional pricing flexibility it has given recently to large industrial consumers, it is likely to fall slightly short of the financial target set by the Government for the three years to 1982-83.

It estimates that increases in the costs of fossil fuels burnt in power stations are likely to mean real electricity price rises of up to 2 per cent a year over the next seven years.

The Central Electricity Generating Board adds that nuclear power must be developed because of increasing world demand for fossil fuels.

It says that increased international demand for coal means it would not be prudent to become dependent on overseas supplies on a large scale, apart from the effect on the balance of payments.

British Gas in the front line of conflict with Government

Sir Denis Rooke

Sir Denis Rooke unveiled higher profits, but faces fights over Cabinet plans to sell showrooms and exploration interests, Ray Dafter reports.

SIR DENIS ROOKE, chairman of British Gas, yesterday presented the corporation's improved annual results—and immediately attacked the Government over plans to transfer much of the gas industry to private hands.

During the 1980-81 financial year the State-owned gas corporation made a current cost operating profit of £381.1m on a turnover of £4.29bn. The earnings compare with an operating profit of £423m on a £3.52bn turnover in 1979/80.

However, the results were distorted by the new Government-imposed gas levy which creamed off £129m of potential profits during the past financial year. The Government expects to raise £1.3bn through the levy during the three years ending 1982/83.

British Gas achieved a return on average net assets at current cost of 4 per cent during the 1980/81 financial year, which was 0.5 per cent above the Government's financial target. In addition, the corporation exceeded by £9m the cash target of £400m set by the Government under the external financing limit arrangements.

The results were achieved in spite of a 2.1 per cent drop in the amount of gas sold—largely a reflection of the economic recession—and record capital investment of £514.3m.

By most standards, Sir Denis declared, the corporation has been considerably successful. "After such a year the management of most businesses would expect the owners to want them to continue in the same vein and perhaps to ask them if extra support might add to the achievement in future years. In contrast, far from finding its success reinforced, British Gas faces uncertainties."

Sir Denis mentioned in particular the Government's stated intention to sell off British Gas's interest in the Dorset oil production licence which includes the important Wytch Farm Field, and the more recent Cabinet decision to end the corporation's gas appliances business.

The board of the corporation could not have agreed voluntarily to the sale of Wytch Farm because this would have meant acting contrary to its fiduciary duty under the Gas Act. Such a sale would be a "heavy blow" to the corporation, said Sir Denis.

It is understood that British Gas is particularly concerned about the value which can be ascribed to parts of the licence area not yet been explored. As a result negotiations with potential buyers could be lengthy.

Exploration operations are a relatively new activity for the gas supply industry, while selling gas appliances has formed a basic part of the business decades before nationalisation in 1949.

As a result, Sir Denis hinted, the corporation was likely to fight even more strongly for the retention of its 900 showrooms. "No appliances are sold exclusively to British Gas. We are given no priority of delivery. We do not seek to dictate manufacturers' prices to other retailers. In short, we believe we compete fairly."

Sir Denis argued that the showrooms fitted logically and economically in the corporation's integrated business. "Take one link out of the chain and you destroy it," he said.

Although the Government has indicated it hopes to accomplish the sale by means of a directive rather through a new Act of Parliament, Sir Denis said he could not see how this particular form of privatisation could be achieved without "quite complex legislation."

It was a hint that British Gas might seek legislation if the Government tried to speed the sale of the showrooms where last year 1.25m appliances were sold.

Trade unions with Gas Corporation members have threatened an all-out strike if and when the Government starts the proposed gradual disposal of showrooms. Sir Denis said he hoped staff would demonstrate their "traditional characteristics of moderation and sense of public duty." While the corporation did not condone action "we do understand and we share our employees' bitterness."

But British Gas may be faced with more immediate problems—particularly if the coming winter is very severe. Delays to deliveries of gas from Shell/Esso's Brent system of fields in the North Sea could leave the corporation short of supplies during the winter period of peak demand.

Mr Jack Smith, deputy chairman, said that as a result of "technical problems" Brent gas would not be landed before October next year. It had been expected in the 1979-80 financial year.

British Gas is expecting to receive some 500m to 600m cu ft of gas, around 10 per cent of the pressure average level of supplies.

The corporation expects to spend nearly £4.5bn on capital projects over the next five years. Nearly half of this total will go on the development of the national supply system with a further 40 per cent earmarked for offshore projects

In the annual report the corporation says it has been asked by the Government to sell a majority interest in its offshore oil interests. "The corporation believes that disposal would impede or prevent the proper discharge of its statutory duty," says the report. "The corporation also believes that a proper price cannot be obtained because of difficulties of valuation and assessment of reserves."

One of the UK's most ambitious gas developments—the proposed £2.7bn North Sea gas gathering pipeline network—has also drawn British Gas into conflict with the Government and the oil industry. Oil companies have argued that they cannot provide the Government with an estimate of the amount of gas that could be collected unless they have some idea of the price British Gas is willing to pay for supplies.

Sir Denis said yesterday that he had no intention of providing a "blanket" gas price. Negotiations were being conducted on an individual basis reflecting the amount and type of gas in each field. The key to the development of the gas gathering was the Government's provision of completion guarantees, he said. This would clear the way for the necessary financing arrangements.

Up to now the Government has opposed such guarantees because of their implication for the Public Sector Borrowing Requirement. It is understood that British Gas has also offered to provide the necessary guarantees but this has been turned down partly because the Government is not keen to give the corporation increased powers at a time when it is anxious to reduce the influence of state bodies.

As yesterday's press conference demonstrated British Gas is in the frontline of the Government's campaign to privatise state undertakings. Sir Denis said he had read about Ministers wanting to "privatise, regionalise and break-up" the Corporation.

"I find it difficult to understand the real logic of a system in which you have a Corporation which has been successful in providing a national service and which seems in danger of having its wings pulled off.

"If this country is going to survive economically we must reinforce success."

So would he be resigning? "I have considered it—but not very deeply. Who would care a button if I resigned?"

Coal output and cost too high, Howell tells miners

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE National Coal Board is producing too much coal at too high a cost, Mr David Howell, the Energy Secretary, said yesterday.

Issuing a clear call for pay moderation, he said pithead coal stocks had risen alarmingly and now stood at more than 22m tonnes.

The industry's costs could be reduced by eliminating uneconomic capacity, he told the All-Party Minerals Group of MPs. "Without the 10m tonnes worst production in 1979-80, average operating costs would have been 5 per cent lower, which could have cut electricity prices by 2 per cent."

Miners owed it to the nation and to themselves to give Britain coal at prices it could afford to pay.

Mr Howell's remarks follow the National Union of Mineworkers' decision at its annual conference to press for a 24 per cent wage rise this autumn.

But he did not spell out that the Government itself helped to keep open uneconomic pits last February when it agreed to give the NCB additional aid to prevent colliery closures, thus averting a threatened national miners' strike.

Mr Howell told the MPs that nearly £3bn had been invested in the NCB since 1974 and its future could be very bright, provided the industry was willing to adapt and change, winning new markets in competition with other fuels. The miners could best secure their own living standards and job security by recognising this.

Lonrho licence win gives hope to casino operators

BY RAYMOND HUGHES

LONRHO'S SUCCESS in regaining a gaming licence for the International Sporting Club will have rekindled hope among London's hard-pressed casino operators that the deck is not immutably stacked against them.

International Sporting Club was one of the former Coral Leisure casinos that lost their licences after police and Gaming Board raids.

Knightsbridge Crown Court decided on Monday that Lonrho should not be penalised for the misconduct of the club's previous management.

Lonrho, through its subsidiary AVP Industries, bought ISC in January, four months after South Westminster licensing committee cancelled the casino's licence.

The casino continued to operate until March, when the Crown Court upheld cancellation.

Lonrho protested to the High Court that the Crown Court had paid insufficient regard to the fact that he ISC was under new management.

On June 5, the High Court said Lonrho's appeal should be reheard. Lord Justice Griffiths said that, although past misconduct was relevant, if the ownership had changed and there was evidence that the restructured licence holder had the capacity and intention to run the casino on different lines, that should be taken into account.

It was taken into account by Judge Morton at Knightsbridge on Monday, when he decided that Lonrho was fit and proper to have a licence.

International Sporting Club reopened four days after the High Court's ruling and has been operating since then.

Lonrho had been joined in its High Court move by Grand Metropolitan, which had acquired, through Mecca, Coral's Palm Beach Club.

However, between the High Court hearing and judgment, Mecca applied successfully in its own name for a new licence for the Palm Beach, which reopened on June 25.

A third former Coral casino, the Curzon House, was acquired by Mr John Aspinall, who so far has made no move to get its licence restored.

Two more pending licence applications may benefit from the latest court ruling. Hearings have yet to be fixed for applications by Lonrho, in respect of Crockfords, another former Coral operation, and by Playboy for its Playboy Victoria Casino Club, formerly the Victoria Sporting Club.

In both cases, no doubt, much will be made of the fact that the casinos are under new ownership.

Also pending are two more Playboy applications, for the Playboy Casino and Clermont Club.

All four applications will be opposed by the police and the Gaming Board.

American Airlines sets up £15m training centre

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A £15M pilot training centre has been set up at Crawley, near Gatwick Airport, by American Airlines, one of the biggest airlines in the Western world.

Formal training at the centre on two flight simulators—one for Boeing 747 jets and the other McDonnell Douglas DC-10 jets—begins on August 1. A third simulator, for Boeing 737s, is to be installed next year, and a fourth simulator is planned, though for which type of aircraft is not yet settled.

Initially, the centre will train several hundred pilots a year for British Caledonian Airways, Laker Airways, Finnair, Olympic Airways, and probably also Qantas of Australia, while contract negotiations are in progress with a number of other airlines.

Primarily, the centre is aimed at giving qualified airline pilots 'refresher training," which is equired at least annually to keep them fully up to date, and which is expensive to do in flight.

Also, in ground simulators, realistic training can be given in techniques for accident avoidance and in coping with hazards that could not be given in the air.

Other forms of training include the conversion of pilots from one type of airliner to a different type. Ground simulation training, in cockpits that are precise replicas of aircraft flight decks, can cost as little as one-tenth of airborne training.

In the U.S., the Federal Aviation Administration already has accepted the concept of "zero flight time crew training," in which qualified pilots can be converted from one type of aircraft to another on the ground in simulators without ever actually having flown the new type.

هكذا من الأصل

Bank of England's ruling on status upheld

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE BANK of England has successfully fought off the first challenge to its recently acquired powers to decide what institutions can call themselves banks.

The Treasury announced yesterday that an appeal by the People's Bank of Bradford against the Bank of England's refusal to grant it full banking status had been rejected.

At a two-day hearing in January, People's Bank complained that it had been granted only the lesser—"goat-like—status of a licensed institution.

The Treasury said the Chancellor of the Exchequer upheld the view of a three-man appeal tribunal appointed under the 1979 Banking Act that People's Bank did not satisfy the criteria the Act required.

The tribunal decided that People's Bank was carrying on two businesses: a small High Street banking service, and a larger business based on the long-established check trading busines of its parent, Provident Financial Group.

Neither of those businesses provided the specialised banking service demanded by the Act.

The tribunal accepted that People's Bank provided four of the required services: current or deposit account facilities for members of the public or companies; overdraft or loan facilities; foreign exchange services; and financial advice.

But it decided that the size of business provided in relation to the last two services was "not of sufficient nature or scope to provide the wide range of banking services of a positive nature so as to entitle the appellants to recognition as a bank."

People's Bank had argued at the appeal that an institution providing the banking services demanded by a reasonably wide cross-section of the public should be entitled to call itself a bank.

Mr Peter Hogg, finance director of Provident and chairman of People's Bank, said yesterday he was disappointed with the result and would consider an appeal to the High Court.

Although it defeated People's Bank's challenge, the Bank of England has not entirely got its own way. It had argued at the appeal that its decision could be overturned only if it had made an error of law.

It is, however, implicit in the Chancellor's announcement that the Act allows him and the tribunal to look afresh at an appellant's case—both the law and the facts.

The Bank of England also argued that neither People's Bank nor Provident cleared the first hurdle that a would-be bank must be an institution that "enjoys and has for a reasonable period of time enjoyed, a high reputation and standing in the financial community."

That must mean, said the Bank, a high reputation in the field of banking.

The Chancellor and the tribunal have rejected the narrow interpretation, holding that, although not a bank, Provident enjoyed a high reputation in the financial community.

That may be significant in future appeals.

Move to allow hidden reserves

BY OUR BANKING CORRESPONDENT

BRITISH and Continental banks will be allowed to retain hidden reserves against loan losses under a proposed directive on the form and content of the annual accounts of banks and other financial institutions.

The proposal is the most controversial element inu a consultative paper on the draft directive issued by the Department of Trade.

The document has been issued to the UK banking community so that the Government can identify and get comments on the policy issues raised and adopt the appropriate stance when negotiations begin. Comments are requested by the end of November.

The proposed directive is an extension of the EEC's fourth directive on the annual accounts of companies, which is being implemented in the 1981 Companies Bill. It contains a series of departures from the fourth directive to take account of the special characteristics of credit institutions.

The question of full disclosure of hidden reserves has proved controversial, especially among some of the continental banks and the UK accepting houses. The latest proposals are seen very much as a compromise.

The Department of Trade's consultative document is seeking the banks' views on the scope of the proposed directive. The department's initial view is that it should be restricted to limited companies which both take deposits and grant credit.

The other controversial area is the extent of any exemptions enabling banks to make undisclosed transfers to and from profit and loss account out of undisclosed reserves. The consultative document notes that a "number of member states will favour some exemptions" for their credit institutions.

On favourable assumptions, the provisions of the proposed directive, which may be substantially altered, are unlikely to become fully effective in the UK until 1987.

Government urged to give extra training aid

BY ALAN PIKE

THE GOVERNMENT should give additional support to industrial training during the recession and consider tax incentives to promote training, the British Institute of Management says in a report published today.

Skilled Manpower and Training Policies—a Management View" concludes that management cannot tackle skill shortage problems without more Government action and changes in trade union attitudes. The report was prepared by the BIM's labour market panel chaired by Baroness Seear.

Although the BIM accepts that reforms to the present industrial training Board system may well be required, it is concerned that the Government should not "put at risk the valuable work currently undertaken by the boards."

It should continue to identify through the training boards and Manpower Services Commission areas of persistent training-related skill shortages and encourage training, using public funds where appropriate.

The BIM urges the Government to work with management and unions to reform traditional apprenticeship schemes.

Trade unions should agree to the removal of artificial age barriers to entry into skill training

Post Office to offer fast package delivery service

BY GUY DE JONQUIERES

THE POST OFFICE is to start a radio-linked courier service next autumn which will collect packages and deliver them the same day or overnight.

The service will be operated on a trial basis in the West Midlands. If successful, it will be extended to other parts of the country.

The service known as Super Service, is a response to tougher private sector competition which the Post Office expects to face later this year when its monopoly over letter mail is relaxed.

Customers will be able to have door-to-door service by telephoning a computerised control centre, which will despatch motorcycle couriers.

According to the Post Office the cost will be as much as 40 per cent less than using British Rail's Red Star package service and private pick-up and delivery.

"Super Service" will supplement two other Post Office schemes in addition to regular mail deliveries. These are Datapost, which provides fast over-the-counter delivery in Britain and to 20 countries, and the inter-city Express Post.

The Post Office also offers a high-speed facsimile transmission service between 38 British cities, the U.S., Canada, and the Netherlands.

NEB invests further £1m in spark cutter

BY ELAINE WILLIAMS

FRIEDL HANEBECK is a Swiss who stayed in the UK after the Second World War because he liked the British sense of humour. Yesterday he had more cause to smile: the British Technology Group (the merged NEB and NRDC) has invested a further £1m in his machine tool company.

The NEB already has 30 per cent of Agemaspark, the company Mr Hanebeck set up in 1962, following investments of £1m in equity and loans in 1976. The new injection of equity brings the NEB share holding to 49 per cent with the remainder held by the Hanebeck family.

The company has gambled its long term future on the development of spark erosion machine tools which have a wide variety of industrial applications.

Broadly, a spark erosion machine tool is used to cut very hard metals difficult to cut by conventional means.

In simple terms, the machine works by generating pulses of electric sparks. When placed near the material to be cut, an electric arc is produced which jumps the gap between the electrode and the workpiece. The arc causes tiny pieces of metal to be chipped out of the workpiece and the final shape of the hole produced is dependent on the shape of the electrode.

The world market—which is dominated by Swiss, U.S. and Japanese companies — is about 2,000 units a year valued at around £60m. Individual machines vary in price from £40,000 to £120,000.

The largest markets are Italy, South Africa, the U.S., Austria and Sweden. Before the recession, Agemaspark, with a £5.5m turnover last year, exported 65 per cent of its production. But now overseas sales have ben hit. The company is setting up a selling company in Germany to boost sales there.

Just as industry went into recession, the company decided to embark on an ambitious £600,000 project to develop a new type of spark erosion machine which was already being produced by foreign rivals, but not in the UK.

The new machine uses a thin wire as the cutting electrode. This acts rather like a cheese cutter found in old grocer shops. It is moved around the workpiece under computer control to produce the final shape, and removes the need to produce a special electrode for every different job.

The sternest test for the product will come in the autumn when the machine tool industry meets in Hanover to show off new products, the first such an exhibition since 1977.

Rolls-Royce wins $70m RB-211 contract

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE has won an order worth $70m (£37.8m) from Alia, the Jordanian airline, for RB-211 engines for a fleet of five Lockheed TriStar airliners.

Reports from Amman yesterday said that Lazard Brothers in London had arranged a $70.41m loan to Alia for the engines. Cash for the five TriStars was being provided separately by a $240m loan from the U.S. Export-Import Bank, with another $30m from Jordanian banks. All the loans are being guaranteed by the Jordanian Government. The first two TriStars will be delivered in October and November, this year.

Earlier this week, Rolls-Royce won a £20m deal from Air Florida for RB-211 Dash 535 engines for six Boeing 757 jets.

ASTMS hits at tests 'hysteria'

TRADES UNIONISTS yesterday launched a bitter attack on the Confederation of British Industry over proposed new safety regulations in the chemical industry.

The Association of Scientific, Technical and Managerial Staffs accused industry of groundless "hysteria" over Health and Safety Commission proposals that have been put forward following a European community directive which lays down tests for new chemicals.

The union claimed that the basis for the CBI's objections to the new proposals was "the ending of what are soft options with no real public or trade union accountability."

Police to probe brutality charge

AN INVESTIGATION into allegations of police brutality during the riots in Manchester was formally launched yesterday by Mr James Anderton, the city's Chief Constable.

Mr Anderton has appointed Manchester's assistant chief constable, John Staker, to investigate the allegations which were made by a local doctor on Tuesday.

Co-operation call to fight alcoholism

THE DRINKS industry and the agencies dealing with alcohol problems were urged by the Government yesterday to get together to work out a strategy for dealing with alcoholism.

Mr Patrick Jenkin, the Social Services Secretary, said it no longer made sense to continue as if there was open warfare between the drinks industry and the agencies. He told the annual meeting of the National Council on Alcoholism that he rueld out central government direction to the health authorities on the amount of money they should devote to alcohol related problems.

Autograph manuscript fetches £11,500

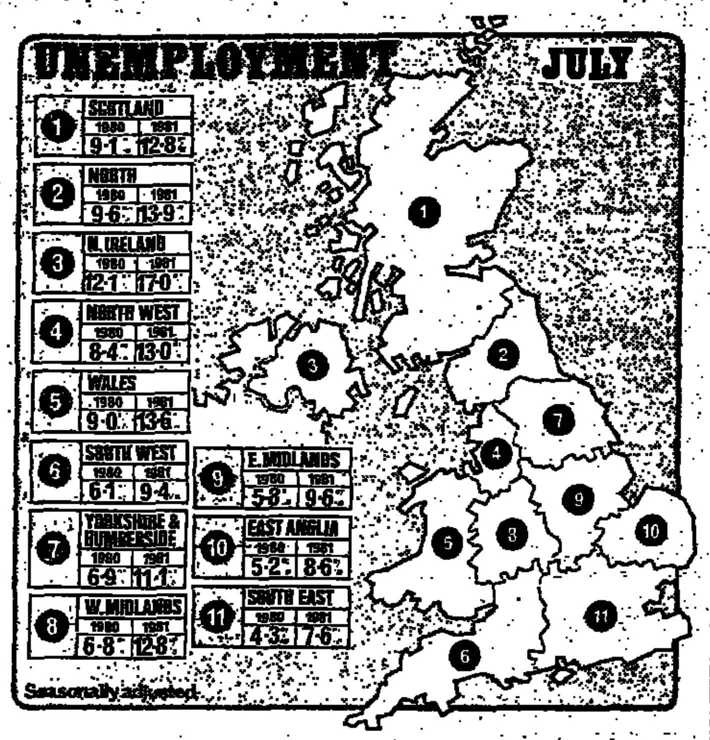
ELIZABETH Barrett Browning's autograph manuscript of the second version of her "Prometheus Bound" sold for £11,500 to the London dealer Quaritch at Sotheby's auction of letters and manuscripts. Quaritch was an active buyer, paying £8,000 for pages from Virginia Woolf's unpublished autobiography; £6,800 for a letter (one of only thirteen known) by the 17th century woman writer Aphra Behn; and £6,000 for a Daniel Defoe manuscript.

SALEROOM

BY ANTHONY THORNCROFT

In the English pottery and porcelain sale a rare Whieldon model of a dovecote sold for £5,400 and a Glasgow tureen, cover and stand of around 1760 fetched £3,400.

At Christie's watercolours auction a scene of Boulogne fisher girls by Lionel Smythe sold for £4,200 and The Stour, Canterbury, by Albert Goodwin went for £4,000. An aureus of Uranus Antoninus, a Roman coin of around 250 AD, sold for £9,500 at Sotheby's.



Another 69,000 school leavers out of work

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UNEMPLOYMENT among school leavers has risen by 69,000 to 285,000 during the last month though this is 11,000 lower than a year ago.

Between May and July this year, the rise has been 60,000 fewer than in the same months of 1980, even though about the same number have been leaving school.

This appears to be because summer school leavers cannot draw supplementary benefit until September.

Consequently, it is likely that a sizeable number will wait until September to register.

The previous pattern has been that the number of school leavers out of work has risen rapidly in the early summer and declined steadily in the late summer and early autumn. It is possible that some registered merely for the summer to get benefit before taking jobs later.

The change in benefit rules may mean that some leavers do not register at all during the summer and then get jobs. This would take the peak off the seasonal profile of unemployment.

The latest figures underline the continuing wide regional differences, with at least one in seven of the adult workforce without a job throughout Northern Ireland and the northern parts of England, Wales and Scotland.

Sir Terence Beckett, director-general of the Confederation of British Industry, described the figures as appalling and said that while the total normally peaked at this time of year, immediate action was needed.

He called on employers to redouble efforts to provide jobs to help young people, even if these were only temporary.

Mr Len Murray, general secretary of the TUC, said Britain was "now seeing the devastating consequences, in particular among young people, of the Government's no-hope policies, based on the economics of the ice age."

He said that later this week the TUC would be launching a jobs for youth campaign with youth organisations.

Mr Eric Varley, the shadow Employment Secretary, said the Government was "committing an unpardonable crime against the next generation of workers."

● Nearly 500 redundancies have been announced by Mather and Platt, the engineering group.

The company blamed lack of investment by major customers such as ICI and British Steel for a shortfall in orders.

More than half of Mather and Platt's output is exported and overseas orders were hit by the high value of the pound. Sterling's recent fall against the dollar had come too late, the company said.

The bulk of the jobs will be lost from Mather and Platt's largest factory at Newton Heath, Greater Manchester, and 120 redundancies will be made at the Radcliffe plant, also in Manchester.

Last year the company announced more than 300 job cuts at its Manchester plants.

Fewer ships lost at sea in first half of 1981

By John Moore

SHIPS LOST at sea during the first six months of 1981 will cost the marine insurance market around £67m compared with £88.1m for the corresponding period in 1980. The number lost is also down on last year.

Latest figures compiled by Lloyd's Intelligence Department in London show that insurance claims have been settled on ships regarded as write-offs representing 197,321 gross tons for the quarter January-March and 90,173 gross tons for April to June.

The combined total is 287,494 tons for the first six months of 1981, compared with 477,583 gross tons in the first six months of 1980.

Mr David Burling, who is responsible for the casualty book liaison in the Lloyd's underwriting room, said that while the figures were better news for marine insurers, salvage arbitration fees had been rising.

He said that after heavy losses in 1980, particularly in December, further serious losses occurred in January.

Northern Japan was hit by some of the worst blizzards for 18 years and damage was estimated at $500m. The death toll was put at 70 in the month-long storm, which ended on February 1.

Over Christmas and the New Year holiday period, severe weather in the north-west Pacific caused serious casualties. A number of bulk carriers took on water and sustained major hull damage.

An area of growing concern to marine underwriters, according to Mr Burling, was an increase in worldwide marine fraud.

Wallis Fashion chief resigns

MR JOHN MAYNARD, joint managing director of Wallis Fashion Group, has resigned following "fundamental disagreement on future company policy."

Mr Maynard was appointed product manager shortly before the group was rescued by a takeover by Sears Holdings at the end of 1979. Wallis' record 1978 profits had turned into losses.

Miss Winifred Sainer, sister of Mr Leonard Sainer, chairman of Sears, will take over as managing director. Previously she shared the role with Mr Maynard.

De Lorean sports car sales boost American dealers

BY KENNETH GOODING IN DEARBORN, MICHIGAN

THE DE LOREAN sports car, being produced with the help of £70m from the UK Government, has had an early success after its launch in the U.S. Dealers are charging up to $6,000 (£3,211) more than the $25,000 suggested retail price.

Waiting-lists for the gull-winged car, being made in West Belfast, range from two months to a year.

Many of De Lorean's 345 American dealers who received cars following the launch in May refused to sell them but put them on display to attract people, to their showrooms—in industry jardon "to create floor traffic."

Mr C. R. "Dick" Brown, vice-president of North American operations for De Lorean Motor, said: "I am happy to report that floor traffic was fantastic. Some dealers said it had never been better. Having a De Lorean in the showrooms was the difference between making a profit and a loss in the very depressed sales month of June for some of them."

A recent check on De Lorean dealers showed prices ranged from $25,950 to $31,000.

Mr Brown said at the Automotive News world congress that there was nothing De Lorean could do to hold down dealers' prices. He said $25,000 "was only the manufacturer's suggested retail price."

This week De Lorean began delivery of 150 cars to dealers east of the Mississippi from its depot at Wilmington, Delaware. Already 500 have gone to West coast dealers from Long Beach, California.

It has taken some time to distribute the 1,200 cars landed in May and there have been suggestions that De Lorean had to re-manafacture the cars after they reached the States.

Mr Brown said the amount of necessary work on the cars varied. He said there was some marine damage and that De Lorean was preparing the cars for the market rather than leaving that to the dealers.

He said another 500 cars were on their way to the States and output at the Northern Ireland plant was running at 30 cars a day. This would be up to 50 a day by August.

He claimed that distributors all over the world wanted the De Lorean franchise but the North American market would be given priority.

By the first quarter of 1982 the company should have satisfied its commitment to existing dealers and the network would then be enlarged to 400 as planned.

De Lorean still intended to launch the sports car early next year in the UK and later on the Continent. A De Lorean luxury saloon car would be made but that was two years away, said Mr Brown.

Stevenage first for community computing

By Elaine Williams

BRITAIN'S FIRST community computing centre is to be set up later this year at a cost of £30,000 in Stevenage, Hertfordshire.

It is being funded by industry and commerce as well as the local borough council. British Aerospace, a major employer in the area, has donated £2,000 with a further £3,000 coming from local trades and employers and the Commission for New Towns.

The centre, to be known as the Open Terminal, is to be housed at Alleyne's School.

It will be used to teach pupils at three local comprehensive schools about computing, though members of the public will also have access.

The centre will also carry out retraining for the unemployed in the area, and for those who wish to change jobs in mid-career.

The centre will have a special classroom equipped with 15 microcomputers mounted on desks which can each seat two people.

Another room will contain more computers for individual work at a more advanced level.

The computers will be supplied by Research Machines, a small Oxford-based company.

High hopes for reopened newsprint mill

CONSOLIDATED - BATHURST of Canada expects to raise its share of the UK newsprint market to around 25 per cent by reopening the Ellesmere Port Mill in Cheshire. The cost will be about £46m.

This figures includes purchase of the mill from Bowater, the cost of modernisation and working capital. Consolidated Bathurst is the first North Amercan group to set up its own newsprint plant in Europe. Bowater closed the Ellesmere Port mill last November.

Through regional development grants and Industry Act assistance, the UK Government is providing nearly £10m towards the project. Consolidated-Bathurst is also getting unspecified, though smaller, Canadian Government help with the C$98m conversion of a plant in New Brunswick to provide pulp for Ellesmere Port.

Mr T. Oscar Stangeland, executive vice-president of Consolidated-Bathurst with responsibility for pulp and paper, said the revamped UK mill would probably start up early in 1983. It would be known as the Bridgwater Division, after the local canal.

Consolidated-Bathurst currently sells almost 100,000 tonnes of newsprint a year—about a tenth of its production—to the UK which uses around 1.3m tonnes annually. It also sells to Ireland.

Ellesmere Port, which will employ more than 450 people against 1,600 under Bowater, will eventually produce 245,000 tonnes of newsprint a year, for Britain.

Bowater closed the mill because it was losing around £6m a year. Consolidated-Bathurst, however, will have the advantage of far lower Canadian timber and energy costs because it will ship some 60 per cent of its pulp from its coastal mill at Bathurst, New Brunswick.

This mill is being converted to the thermo-mechanical pulp process, in which the wood—mostly from Consolidated-Bathurst's own sawmill—will be steamed, chipped and ground to produce a stronger newsprint.

Mr Stangeland said that around £26m of the investment at Ellesmere Port would cover improvements and modernisation. The aim is to complete these by end 1982, following a faster conversion at Bathurst than originally planned.

The result of the twin-mill project will be to lift the Canadian company's newsprint capacity by around a quarter. "That's a very big bite to swallow," said Mr Stangeland.

Consolidated-Bathurst will employ fewer people than Bowater because it will be using neither the two packaging machines nor the wood pulp mill.

It also intends to automate the packing of the completed paper rolls and change the method of storing them. It will convert two of the paper machines to twin-wire formers to produce papers for offset and other printing processes. The third machine is already converted.

In addition, it will boost capacity of the recycled paper plant and de-inking facilities to some 210 tonnes a day from 75. Recycled newsprint will account for up to 40 per cent of the raw material for Ellesmere Port.

Stressing the importance of lower Canadian costs, Mr Stangeland said: "Energy costs in Canada are unquestionably among the lowest in the world."

He said the UK market offered great opportunities, although possible EEC quotas on imports from North America had also affected the company's thinking.

Mr Michael Pelham, managing director of Consolidated-Bathurst (Overseas) in London, added: "Strategically it suits us well to have new capacity." The EEC situation had not been a major factor in the decision.

The project represents Consolidated-Bathurst's second attempt to establish a direct presence in Britain. In April 1980 it abandoned plans to join Wiggins Teape in building a £100m newsprint plant in the Scottish highlands.

High UK timber prices and insufficient promises of Government assistance ended this plan, under which the two companies would have installed at Fort William the largest machine in the UK to produce 156,000 tonnes of newsprint a year.

Before reaching a decision on the Ellesmere Port mill, Consolidated-Bathurst took a 60-day option on the project, plus a 10-day extension to July 10 while sorting out assistance from the Canadian Federal Government and the New Brunswick authorities.

Andrew Fisher takes a close look at Consolidated-Bathurst

WITH TOTAL sales of around C$1.4bn (£617m) last year, Consolidated-Bathurst is a major force in the Canadian forest products sector. It is also a large supplier of newsprint to the UK.

The company is nearly 40 per cent owned by Power Corporation, which is controlled in turn by Mr Paul Desmarais, a French-Canadian.

Power Corporation's interests span mutual funds and trust companies, life insurance, shipping and transport, as well as newsprint, all adding up to some C$8bn worth of assets.

Consolidated - Bathurst's activities are based in eastern Canada. Its head office is in Montreal in the state of Quebec. Benefiting from a strong performance on the pulp and paper side, improved productivity in packaging, and the weakness of the Canadian dollar, net earnings rose by 19 per cent in 1980 to C$122.4m compared with a 12 per cent increase in sales.

Nearly half the company's sales were accounted for by the pulp and paper group. Operating profits in this division were C$187m, of which 70 per cent came from newsprint and groundwood specialties (upgraded products for publishing and computer papers).

Actual sales of newsprint and groundwood specialties last year were C$406m, a rise of 10 per cent over 1979. Total newsprint deliveries last year were 4 per cent lower at 913,000 tonnes. Of this, around 62 per cent went to the U.S., 23 per cent to customers in Canada, and 15 per cent to overseas markets.

Consolidated-Bathurst also has sizable packaging interests in Canada and West Germany, where it owns Europa Carton AG. Operating profits from packaging came to C$48m in 1980, well up on the previous two years.

As well as its traditional activities, Consolidated-Bathurst announced investment in the past few years of nearly C$100m in Canadian-managed oil and gas projects.

Toyota reintroduces its Land Cruiser

BY JOHN GRIFFITHS

TOYOTA is reinforcing its Land Cruiser four-wheel-drive vehicle to the UK from Friday.

The Land Cruiser has been Land Rover's only major rival in the four-wheel-drive market. But the single model to be sold in the UK appears to be pitched at the "executive" 4wd slot occupied by BL's Range Rover.

The Toyota model is a five-door estate, powered by a 3.9 litre diesel V8. This will be the only engine available in Britain. It is to sell at £10,450, including all taxes. This is about £2,000 cheaper than the base model of the more powerful petrol-engined Range Rovers.

Toyota first attempted to market the Land Cruiser in the UK in 1975. But there were basic models intended to compete with the Land Rover. They made little headway and were withdrawn within a year.

Toyota hopes to sell about 500 Land Cruisers this year to what its describes as the "gentleman farmer" market.

The diesel version was chosen because of its increased fuel economy and because it was thought it could tap the widest sector of the market. Toyota says it costs about £50,000 to gain legislative approval for each model—a cost it was not anxious to duplicate until the Land Cruiser gained a firm UK foothold.

Toyota builds about 70,000 Land Cruisers a year, slightly more than the current total outpjut of Land Rovers and Range Rovers. BL is, however, expanding to lift annual production well over 100,000 a year.

The majority of Land Cruisers are sold in Australia and the Third World. They were the first vehicles to be exported by Toyota, Japan's largest manufacturer. The company's cumulative production this year is expected to reach 1m.

Pension rights report criticised

By Eric Short

THE RECENT REPORT by the Occupational Pensions Board on protection of pension rights on change of job was criticised yesterday by the Institution of Mechanical Engineers.

The board recommended that pension rights on change of job should be revalued in line with average national earnings. A majority recommended that there should be a 5 per cent per annum limit on statutory increases.

Mr Alex McKay, Secretary of the Institution, expressed his disappointment and pointed out that the recommended 5 per cent legal revaluation was unrealistic. He said it would not encourage or improve the mobility of chartered engineers, who would be bound to change employment frequently to further their professional careers.

Mr McKay said that the Institution, in its evidence to the Board, had stressed the need to develop mechanical engineering by cross-fertilisating experience and ideas. This could be done by an exchange of professional engineers between employers. Such mobility would not be forthcoming if there was financial disincentive he said.

He concluded that the report was at variance with the Finniston Report into the engineering profession which recommended that the Government encourage two-way exchange of staff between industry and engineering teaching departments. Failure to preserve pension rights would continue to be a major stumbling block to industrial flexibility.

Housing survey attacked

By Gareth Griffiths

THE Department of Environment National Dwelling and Housing Survey four years ago probably underestimated the extent of poor housing in inner city areas, says a report published today on London's East End.

The Spitalfields Housing and Planning Rights Service and the Catholic Housing Aid Society found that 24 per cent of the population of Tower Hamlets lived at a rate of more than 1.5 people per room. This represents a level of overcrowding 58 times higher than the national average.

The Spitalfields stud's authors say the 1977 survey in that area was based on an area sample less than a third of the area they covered and that DoE interviewers had problems in communicating with residents whose command of English was poor. This could have distorted the picture.

Housing conditions in the inner cities have continued to deteriorate, the report finds.

About 60 per cent of the households surveyed were without proper security of tenure and many of those living in the worst conditions were not on the local authority housing waiting list.

The survey says Asians have to face the worst conditions in housing and employment. Ninety-five per cent of overcrowded households are Asian but only 10 per cent of the most modern council housing has been allocated to Asian households.

Stockbroking action

CONTRARY to the impression given by a headline in yesterdays Financial Times, Hedderwick, Stirling Grumbar, the stockbroking firm that collapsed in April, has not dropped its High Court action against a former employee, Mr Agnello de Souza.

On Monday the firm withdrew its application that Mr de Souza be jailed for allegedly breaking court orders. Hedderwick's counsel told the court that it would not be right to suggest that the orders had been broken. The action, in which Hedderwick claims damages from Mr de Souza, is still pending.

Labour censure move over jobless

BY IVOR OWEN

LABOUR IS to launch a censure attack on the Government for its failure to prevent the unemployment total climbing inexorably to 3m Mr Michael Foot, Opposition leader, announced in the Commons yesterday.

He described the July total revealed earlier in the day—a post war record of 2,852,000—as "terrible."

Mr William Whitelaw, Home Secretary, replying to questions on behalf of the Prime Minister, preferred to say the position was "very bad."

But with Tory MPs cheering their support, the Home Secretary argued that Labour had no credible alternative to offer, and claimed that this had been glaringly exposed when the unemployment situation was debated in the Commons last month.

On that occasion he said, Mr Foot had put up a "pretty poor show" and he advised the Opposition leader to be careful before launching a similar attack.

Mr Foot challenged the Home Secretary to explain why the British people were suffering more human misery through unemployment than those of any of the other seven leading industrial democracies represented at the Ottawa conference, attended by Mrs Thatcher.

He also pressed Mr Whitelaw to say whether the Government now endorsed the recent suggestion by Mr James Prior, Employment Secretary, that Britain was heading for the "terrible official figure of 3m."

While accepting that the latest figures were very serious, Mr Whitelaw contended that they were the result of long standing problems which had been aggravated by the policies of former Labour governments.

He insisted that much of the cause of British industry's lack of competitiveness could be traced to actions taken by Mr Foot himself when Employment Secretary.

Like the Prime Minister on earlier occasions Mr Whitelaw was reluctant to discuss the approach of the 3m total, but admitted that Mr Prior had made very clear the risks attached to the present position.

Mr David Steel, the Liberal leader, underlined the fact that 69,000 school leavers were included in the July total, and asked what hope the Government was able to offer them, particularly as they would not be entitled to supplementary benefit until September because of new rules introduced by the Government.

Mr Whitelaw said the Government was trying to ease the situation through the Youth Opportunities Programme

Foot: challenge to Whitelaw over the "terrible official figure of 3m"

Diplomatic concern on language problem

By David Tonge

In its most outspoken report so far, the Commons Committee on Foreign Affairs yesterday expressed "disquiet" about the ability of British diplomats to speak common European languages.

It compounded this blow to the pride of those "honest men sent abroad to lie for their country" by criticising Foreign Office accounting methods for their lack of clarity.

Sir Anthony Kershaw, the chairman, even went so far as to remind a Press conference of how King Charles II had used the navy accounts to cover the costs of his mistresses.

The committee also asked why operating VIP lounges at Heathrow and Gatwick airports cost £2.145 per day.

These points were contained in a short report on Foreign Office finances for 1981-82 which the committee released yesterday.

The report argued that at the British Embassy in Paris only 52 per cent of the Diplomatic Service staff had the ability to use French adequately or better and that in Bonn a mere 35 per cent speak adequate German.

The report recommended the possibility of requiring an oral test in one foreign language by entrants to the Foreign Office and outside examination of the Foreign Office language school.

The evidence given to the committee by the Foreign Office showed that 136 of Britain's approximately 175 top diplomats have a good working knowledge of French, 55 of German, 34 of Spanish and 24 of Italian.

But after this, matters fall off.

Only three of the 175 have the languages necessary to deal first hand with the Polish situation: none speak Iranian.

Russian speakers number 17. Chinese speakers eight and Japanese speakers seven.

The figures on individual embassies are misleading to the extent that many of the Diplomatic Service staff deal only with ciphers or internal administration.

But if allowance is made for this, it still appears that one-third of the diplomats in Bonn and Rome cannot properly speak the local language, nor can over one half of those in Athens and Caracas.

Members of the committee were quick to admit that they had few foreign languages between them.

On the accounts they said the accounting methods used were not always clear to those who operated them.

MPs oppose BBC overseas cuts

BY DAVID TONGE

MPs yesterday came out overwhelmingly against Government plans to axe seven of the 39 languages in which the BBC broadcasts.

I the Commons, Mr Greville Janner (Lab, Leicester W.) received undivided support for a Bill aimed at preventing the cuts. Under the 10-minute rule he could not propose a Bill dealing with money, so he proposed a Royal Commission which he forecast would come out against "the disgraceful reduction in the strength and power of the voice of this country through the BBC External Services."

Though his measure has little chance of becoming law, it provided MPs from both sides of the House with the opportunity to express their opposition.

The only opponent was Mr Arthur Lewis (Lab, Newham NW), who complained the BBC wasted money on carrying spiders from Newcastle to London in a taxi and on flying its chairman across the Atlantic in Concorde.

Earlier in the day the all-party Commons select committee on foreign affairs had also come out against further cuts in the BBC.

In a report on the 1981-82 supply estimates, it said the capital spending programme of the BBC "had been cut too often and by too much and that the time has now come to spend more money on it."

Members of the committee accused the Foreign Office of having been "less than fully frank" when giving evidence. The committee regretted that witnesses from the Foreign Office and BBC had not referred to the possibility of major changes "which by that date must have been known to them, thus depriving us of the opportunity to discuss future policy, which it is your committee's right and duty to do."

The BBC said yesterday that it had not at the time known of the decision to make cuts in its French, Italian, Spanish, Maltese, Burmese, Somali and Brazilian services.

The committee accepts BBC arguments about the need for a relay station in Hong Kong to improve audibility in China, which it describes as being "of national importance," for trade and defence reasons. It also stresses the need for good audibility in Japan and Korea.

It calls for a relay station in the Seychelles to provide better coverage of East Africa, criticises the Ministry of Defence for causing delays over the siting of BBC transmitters in Britain and says the Government should find between £6m and £7m from the contingency reserve to pay for the relay stations.

After the cuts, the BBC would broadcast one-third of the hours a week of the Soviet Union and the U.S. and only just more than North Korea and Albania, according to Britain's Dwindling Voice a briefing prepared by BBC unions.

Labour leaders approve draft plan to leave EEC

BY MARGARET VAN HATTEM, LOBBY STAFF

LABOUR'S commitment to speedy withdrawal from the EEC strengthened yesterday when Mr Michael Foot, the party leader, declared his opposition to another referendum on the issue.

The party's National Executive Committee approved without a vote and after what apears to have been only cursory discussion, a draft policy statement outlining the steps a Labour Government would take to negotiate Britain's withdrawal over a 12-omnth period.

Previously, Mr Foot had not clarified his attitude to a referendum. But a vote on the issue was forced when Mr Denis Healey, the depunty leader, Mr John Golding and Miss Betty Boothroyd rejected arguments that EEC withdrawal constituted a fundamental part of Labour's economic strategy and therefore should not be treated separately.

They were soundly defeated by 16 votes to 3.

Mr Foot is understood to believe that organising another referendum would unnecessarily slow down the procedure of withdrawal, a process which several NEC members believe could take considerably longer than the projected 12 months.

The NEC statement is understood to argue that the result of a general election will be a decisive mandate on withdrawal.

However, the party chairman, Mr Ron Haywood, yesterday rejected suggestions that defeat at the next election would be equivalent to a "yes" vote at a referendum. Defeat might lead the party to modify the policy, he said, but not to abandon it.

MR TONY BENN, Mr Denis Healey's main rival for the deputy leadership, emerged from his seven-week convalescence yesterday to attend the NEC meeting and to welcome Mr Doug Hoyle, the Labour victor in the Warrington by-election, to the House of Commons.

The policy statement, which will go to the Shadow Cabinet before being presented to conference in the autumn, is understood to stress the need for an amicably negotiated withdrawal.

Preparatory discussions with Britain's EEC partners would begin before the next general election, in the hope that a withdrawal timetable could be published as a White Paper within weeks of Labour's taking office.

The next step would be to amend but not to repeal, the 1972 European Communities Act, which covers Britain's treaty of Accession to the EEC and to repeal some but not all, EEC legislation applicable in the UK.

Some NEC members, including Mr Foot, are believed to hope that this step in itself would force other EEC countries to negotiate a new relationship with Britain, based on political co-operation, thus pre-empting the need for complete withdrawal.

This possibility would be explored further in the pre-election discussions with socialist governments in other EEC countries.

Defeat for Foot on YOP union rights

By Margaret Van Hattem, Lobby Staff

MR TONY BENN emerged briefly from his convalescence yesterday to inflict another defeat on the Labour leadership of Mr Michael Foot and Mr Denis Healey.

The issue—union rights for school leavers taking part in the Youth Opportunities Programme—emerged during a debate at the National Executive committee on Labour's alternative economic strategy.

After a discussion in which several NEC members expressed their dissatisfaction with the way the YOP is being run, Mr Benn moved an amendment, which would, as a matter of Labour policy, extend full union rights to young people taking part in it.

This would include compensation for injuries sustained while working on YOP schemes, and union negotiated wages. The amendment was carried by 12 votes to five.

Those voting against it, including Mr Foot and Mr Healey, argued that the YOP is essentially a training scheme, paid out of Government funds, and that the unions have already accepted it as it stands.

But those supporting the amendment argued that the scheme, as currently run, is open to exploitation by employers seeking to substitute union jobs with cheap labour, and to many other abuses.

The union membership for YOP participants should, they added, be voluntary: there was no suggestion of imposing a closed shop.

At the same meeting, the NEC approved without a vote a motion in favour of a 35-hour week

Questions not too Testing for Willie

WITH THE APPROACH of the summer recess, there were distinct signs that MPs were becoming demob happy in the Commons yesterday.

The England victory in the Third Test seemed to have put everyone in an equable mood.

A feeling of ennui settled on the Chamber during defence questions, and there were only the faintest reverberations from the recent eruption over defence cuts.

Instead, we had Mr Jack Dormand (Lab Easington) protesting at the merger of the Durham Air Training Corporation with the Northumberland Air Cadets.

Having dealt with this earth shattering topic MPs moved on to consider the accuracy of weather forecasts.

Mr Kenneth Warren (C Hastings) wanted to know why we could not have happier looking people making the weather announcements on TV.

Mr Philip Goodhart, Under Secretary for the Armed Forces, gravely considered this problem and ventured the opinion that it might not be appropriate for forecasters to look cheerful if they were predicting stormy weather.

Even the anticipated row over the latest unemployment figures was effectively defused when Mr William Whitelaw, Deputy Conservative leader, came to the despatch box to answer questions in the absence of Mrs Thatcher, who is attending the Ottawa summit.

The Labour strategy of the past few months has been to cast the Prime Minister in the role of the heavy with Mr. Whitelaw as the kindly, elder statesman whose mature advice tempers the Prime Minister's worst excesses.

With this scenario there was little that Opposition leader Michael Foot could do to raise the political temperature.

Even his pronouncement that Labour will put down a censure motion on the Government's handling of unemployment failed to arouse any passions.

Mr Dennis Canavan (Lab., Stirlingshire W.) did his best to stir things up by suggesting that the Cabinet should get rid of "the biggest criminal and the biggest menace to our society before she gets back from Ottawa."

Asked by the Speaker Mr George Thomas to withdraw this remark, Mr Canavan cannily pointed out that he had not referred to the Prime Minister by name but had only indicated that she was the head of a criminal Government.

"The House will take that as an apology," said the Speaker diplomatically.

Prime Minister's Question Time was followed by the swearing in of Mr Doug Hoyle, who just scraped home ahead of the Social Democrats to win the much-publicised Warrington by-election.

He was accompanied by Mr John Silkin, who he is to support for the deputy leadership of the Labour Party, and effusively greeted by Mr Foot.

It was noticeable, however, that Mr Hoyle was ostentatiously ignored by some of the Shadow Cabinet moderates, who swept past him without a glance.

The Social Democrat warning signals for the political establishment of both major parties might well have been summed up in the words of Mr Charles Morrison (C Devizes) a little earlier, when he congratulated the England cricket team on its victory.

Their achievement demonstrates again, how often it is possible to snatch victory out of the jaws of defeat, subject to a combination of applied ability and change of tactics.

John Hunt

Parliamentary Correspondent

Legal advice for tenants

COUNCIL TENANTS who feel they have been wrongly denied the right to buy their homes should take legal advice on whether to go to court, Mr John Stanley, Housing Minister, said yesterday.

Lothian's game of dare: what happens next?

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THERE NOW appears to be a serious possibility that Lothian Regional Council will be unable to pay its bills and wages, having had its rate support grant cut by central Government.

Up to now, it has been a game of dare. The Government, which means Mr George Younger, Secretary of State for Scotland, has refused to ease its programme to force local government in Scotland to reduce spending.

Lothian, meanwhile, with spending 25 per cent above Scottish Office guidelines, has refused to make cuts and has become the rallying point for Labour councils up and down the country.

The crunch is coming, but a little room for manoeuvre still remains. With parliamentary approval for his Bill in hand, Mr Younger still has discretion over whether to go ahead.

He plans to give Lothian and two Scottish district councils, Dundee and Stirling, about two weeks to show at least a willingness to negotiate.

But both sides seem determined not to budge. So what happens if Lothian runs out of money?

Lothian covers a wide belt around Edinburgh south of the Firth of Forth, has a budget of £400m and receives from Government an annual rate support grant of £160,953,499 in weekly tranches of about £3m.

THE Government's readiness to reach an eleventh-hour compromise with the Lothian was reaffirmed by Mr George Younger, Scottish Secretary, in the Commons last night, writes Ivor Owen.

He announced that a "short period" for consultation would still remain open after the granting of parliamentary approval for the use of powers enabling him to reduce the council's rate support grant.

Mr Bruce Millan, Labour's Shadow Scottish Secretary, urged Lothian to follow the example of Dundee and Stirling and enter consultations with Ministers.

He warned that failure to reach an agreement with Lothian could lead to a major breakdown in social services in coming months, with no money available for police, schools, and other public services.

Mr Millan promised that the next Labour government would repeal the legislation which provided Mr Younger with the power to impose such severe financial penalties on local authorities.

He stressed that councils in England and Wales faced a similar threat from the present Government.

Its spending is £63m over Scottish Office guidelines and Mr Younger has said he will cut £47m from the support grant, as well as £2m from Dundee and £1m from Stirling, if no cuts are made.

By the end of August, the weekly tranche of rate support grant could be withdrawn, although Mr Younger's tactics on cutting it all at once or spreading the load over the rest of the year are not clear.

By November, Lothian could be out of funds.

What then? Under Scottish law, the council cannot raise a supplementary rate. It would also be unable to borrow from banks.

The council, strictly speaking, cannot default, because it has more assets than liabilities.

The Scottish Office is unable to step in with any emergency powers to run a local government.

Banks and other institutions which have lent money to Lothian could take the council to court for repayment and even have a factor put in charge of council debts.

But the factor is unlikely to sell chunks of Edinburgh landscape to settle the bills. He would probably order cuts in services to make savings.

Central Government officials in Edinburgh retain a gut conviction that Lothian will eventually give in, at least part way.

One erring district council kept its rate support grant by agreeing to reduce spending by only one quarter of the amount originally demanded by the Scottish Office. So there could be a face-saving formula at the last minute.

The people to watch are Lothian's trade unions, which have backed the Labour council to the hilt and threatened strike action should cuts be made and jobs lost.

They issued an exhaustive paper last week, showing how 15,000 jobs would be lost by cuts in the order of £53m. The knock-on effect to the economy would also be severe, they claim.

Lothian says the threatened cut threatens local democracy by limiting the council's ability to determine local priorities.

The council threw out proposals by the Conservative opposition for cuts of £25.8m through natural wastage and reductions in transport subsidies.

Labour has an overall majority of one in the council, but, despite the political heat, there are no signs of defectors.

With the backing of other Labour councils and the Lothian joint trade union committee, the worry for Mr Younger, as he ponders the execution of his powers, is what havoc to the region's economy could result from a co-ordinated trade union campaign.

CSU rejects improved offer

BY PHILIP BASSETT, LABOUR STAFF

FORMAL opposition from Civil Service unions to the Government's improved pay offer grew yesterday when leaders of a second union recommended that the offer be rejected.

The executive of the Civil Service Union representing about 45,000 members voted 20—0 against the offer with one abstention.

The offer—7½ per cent this year with a promise that next year's negotiations would be without pre-set cash limits and supported by arbitration if necessary — had already been rejected by the executive of the 100,000-strong Society of Civil and Public Servants.

The Government had also offered an independent inquiry into future pay.

Some union leaders thought that if another union joined the society in recommending rejection this might lead to the Government withdrawing the offer. However, this seemed unlikely last night.

The Government will instead let the offer go out to members' meetings, confident it will be accepted.

Th CSU's recommendation will be discussed by its branches this week, then decided upon by a meeting next Tuesday in London.

Yesterday's motion called for maximum pressure to be continued through industrial action.

Mr Les Moody, CSU general secretary, said "We are not prepared to deceive our members. If we are talking about increasing perssure on the Government that has got to lead to all-out strike action. That is a very drastic decision to take but we must face the fact that we cannot look forward to another 20 weeks of selective strike action."

Senior civil servants, members of the First Division Association, are virtually being advised to accept the offer.

In a circular to its 10,000 members, the union states the proposals are close enough to its position "to justify ending the current campaign of industrial action."

In particular, the FDA says that the availability of arbitration represents "a major advance on anything which the Government was prepared to offer previously for that year."

Meanwhile, the Association of Inspectors of Taxes states clearly: "If the offer is rejected the alternative is an all-out indefinite strike, and no member should vote for rejection unless they are prepared to take part in such all-out action."

The Association of Government Supervisors and Radio Officers, whose members have been in the forefront of the industrial action by air traffic control staff, says "no one could pretend that this represents a major victory for the Council of Civil Service Unions, but it is undoubtedly a major advance on the original offer."

It says the increase from 7 to 7½ per cent for this year is "inadequate, but there is no prospect of anything else coming from negotiations."

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L. Scott workers sit in at AUEW office

BY JOHN LLOYD, LABOUR CORRESPONDENT

SEVENTY WORKERS from the Laurence Scott mining machinery factory in Manchester yesterday occupied the council chamber of the London headquarters of their union, the Amalgamated Union of Engineering Workers. They were protesting at an agreement reached 10 days ago between the union and the company.

They delayed the beginning of the afternoon meeting of the union's executive for a short period, then left peacefully after police arrived. They were angered over a decision, taken yesterday by the executive, to withdraw official recognition for their dispute.

The agreement, heavily voted down last week by the 650-strong workforce, would bring to an end a 13-week long occupation by the workforce, organised in the face of a threat to close the plant by its parent company, Mining Supplies, which purchased Laurence Scott last October.

It specified that some redundancies would be necessary, and guaranteed a two-day week for three months.

Shop stewards at Laurence Scott are insisting that redundancies be on a voluntary basis, and that there should be substantial payments for those who leave.

Mr Ken Cure, an AUEW executive member, will address a mass meeting of the workforce in Manchester tomorrow in a further attempt to convince the workers to accept the agreement as the best attainable.

Talks on port shifts dispute resume today

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS representing 300 foremen and cargo checkers in the Port of Southampton will today resume talks with management aimed at finding a solution to a dispute over proposals to alter shift patterns.

The dispute with non-registered docks staff has prevented a return to normal working in the port this week despite last Friday's pay settlement with registered dockers which followed 12 weeks of restricted services to cargo ships.

Action by the non-registered staff means that the port is continuing to operate only a single day shift in the container and general cargo handling berths. However, normal services have been restored for passenger and ferry operators.

Following the two-year pay deal reached with dockers, employers led by the British Transport Docks Board proposed cutting non-registered staff shifts from five to three to bring them into line with dockers' shifts.

The staff are fighting the change because they estimate it will reduce opportunities for overtime and cut maximum earnings by about £50 a week to £200 a week. This would compare with a rise in estimated average earnings for dockers as a result of their new pay deal of £175 a week from £146 a week.

Guidelines on harmony

BY OUR LABOUR CORRESPONDENT

GUIDELINES FOR management and unions aimed at improving industrial relations have been published by the Advisory Conciliation and Arbitration Service.

The publication follows concern expressed in May by Mr Pat Lowry, the Acas chairman, at the time of the publication of his annual report that some managers were ignoring agreements because of the unions' relative weakness.

The guidelines call for a "development of constructive relationships" and the creation of "an atmosphere of trust."

They advise the adoption of policies which command union and worker support, respect their right to join unions, provide full and frequent information and allow for the widest possible employee contribution.

Bow Group takes hard line on immunities

By John Lloyd, Labour Correspondent

THE soft and hard lines taken by organisations giving evidence to the Government on its trade union immunities Green Paper were exemplified in submissions from the Bow Group and the Federation of London Clearing Bank Employers.

About 210 reports were received.

Mr James Prior, Employment Secretary, will await debates at September's Trades Union Congress before deciding on further laws.

The Bow Group's report, by Mr George Gardiner, Right-Wing Conservative MP for Reigate, represents the hard line.

It said it would be a major disappointment to the business world, Tory Party supporters, and voters generally who had been attracted by the party's manifesto pledge, if the Employment Bill did no more than plug gaps left by the first Employment Act.

Mr Gardiner said most organisations had agreed trade union immunity from legal action should be withdrawn or restricted and that the closed shop should be weakened.

The Federation of London Clearing Bank Employers was more cautious.

It said a system of positive rights rather than immunities would not necessarily improve industrial relations; that legally-enforceable collective agreements would cut against the informality of bargaining, and that making trade unions as liable as their members for unlawful acts would be politically unviable.

The bank employers did not believe stricter limits on picketing or secondary action would achieve a consensus although they supported the principle that workers should ballot on industrial actions.

They believed any attempt to outlaw the closed shop would be reversed by a Labour Government and that no further laws are presently desirable. They favour a voluntary approach to no-strike agreements.

Ambulancemen seek emergency service status

By Pauline Clark, Labour Staff

UNIONS representing Britain's 17,000 ambulancemen agreed yesterday to start work this summer towards establishing an all-in pay structure as a first step to achieving emergency service status for the group and taking them out of the [illegible]trial action arena.

But at a meeting with management they drew back from giving final consent to a 6 per cent pay settlement after disagreement over whether to accept a 12- or 15-month formula.

The National Union of Public Employees, the union representing the majority of ambulancemen, favours a 6 per cent rise over 12 months but it could be outvoted by the other three unions involved if these all opt for a 7.5 per cent rise over 15 months.

The Confederation of Health Service Employees has yet to complete its consultations with its members but the leadership has made clear its preference for the latter option.

This would give a larger cash rise but would bring next year's settlement date for ambulancemen in line with that of other major health services groups, such as nurses and hospital ancillary workers — a change which Nupe argues would weaken ambulancemen's claims to be treated as a special group.

Nupe is also opposed by the other unions in its choice of a 6 per cent across-the-board rise instead of a differential increase which would give a bigger rise to ambulancemen at the top of the pay scale compared with those at the bottom.

Despite problems over tying up the settlement, it became clear yesterday that all unions are ready to accept a pay increase tied to Government cash limits for this year's health service wage rises despite the recent prolonged dispute and campaign of industrial action.

MSC criticises Government cuts

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT'S cuts in the Manpower Services Commission's finances and staff are pointedly criticised today in the MSC's annual report.

Sir Richard O'Brien, the Commission's chairman, writes in the report that the MSC has a record this year of "substantial achievement," even though "staffing and expenditure constraints meant that the Commission was unable to meet the needs of the labour market in its employment and training services as it would have wished."

The Conservative Government told the Commission last year that it would have to cut its staff by 3,400 and its expenditure by up to £160m a year between 1980 and 1983, as part of overall cuts in the Civil Service.

Further cuts—another 1,710 staff and up to £30m a year by 1984—were announced at the end of last year, which, the Commission says, meant further scaling down of its plans for the next four years.

Staff were cut from 25,868 in March 1980 to 24,225 in March this year, though the number of staff in the MSC's special programmes division rose from 1,250 to 1,607 to match the rise in unemployment.

The MSC's employment service division was particularly hard hit. The number of staff fell by 1,404—out of a total reduction of 1,643.

Some programmes, too, were affected by the cuts. The gross cost of the Training Opportunities Shceme (TOPS), which offers programmes for employee retraining, rose only from about £246m in 1979-80 to £253.3m in 1980-81, despite the movement in retail price inflation.

The number of people completing TOPS courses fell by just over 6,000 from an original 1980-81 target of 73,600. The majority of the cuts were in clerical and commercial training, where completions were reduced from an orginal target of 22,558 to 19,667.

Further cuts will reduce this to about 14,300 in 1981-82 and to about 11,600 in 1982-83.

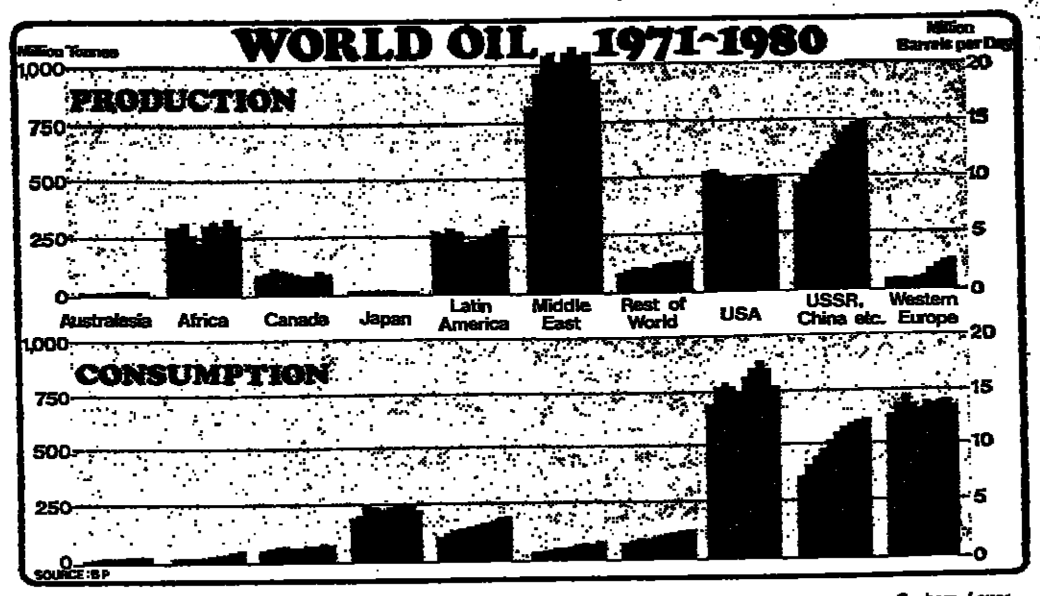
MSC Annual Report 1980-81. MSC, Room 10/6, Selkirk House, 166, High Holborn, London, WC1.

● THE MSC is to receive an extra £9.6m from the Government in 1981-82, Mr Peter Morrison, Employment Under-Secretary, announced in a Commons Written Reply yesterday.

Energy Review: Oil supply and demand

By Martin Dickson, Energy Correspondent

No time for 'dangerous complacency'



Graham Lever.

THE WORLD is awash with excess supplies of oil yet international energy analysts are already setting alarm bells ringing about the dangers of a new oil crisis in the not too distant future.

The oil market remains "very fragile," warns the International Energy Agency. "Don't think Opec is no longer a force to be reckoned with," says a senior oil company planner. "Another few years and they'll be back in a strong position again."

The warnings are designed to deflate the euphoria which has built up in recent months about the slackness of the oil market, which is exerting strong downward pressure on prices.

Supplies of oil have been plentiful, thanks in large measure to very high output by Saudi Arabia, at a time when world demand has dropped sharply because of international recession, conservation and the substitution of other fuels for high priced oil.

This has led some commentators to suggest that western demand for oil may have finally peaked, that the real price of oil could remain at or near its present level throughout the 1980s and that Opec's power may be much diminished.

But three analyses of the international energy picture published during the past few weeks—by the IEA, by British Petroleum and by Cambridge Econometrics, an independent consultancy company—suggest in their different ways that complacency over the supply/demand equation is dangerous.

BP's contribution* is its annual statistical review, which provides one of the most up to date snapshots of the world oil industry.

This shows that in 1980 world oil consumption fell by nearly 4 per cent compared to 1979, from 64.1m barrels a day to 61.7m. In the non-Communist world consumption was 49m b/d compared to 51.5m b/d in 1979, a drop of more than 5 per cent.

But these global figures hide some important differences. Oil demand continued to mount in the Communist world and among the developing nations. Both groups are expected to

The picture gets a great deal cloudier

use more and more oil over the coming decades to fuel their economic development.

The sharp drop in demand was concentrated among the industrialised nations—the U.S. and Canada, western Europe and Japan—which together currently consume about 75 per cent of the non-Communist world's supplies.

Demand in the U.S. was down 8.8 per cent to 16.4m b/d, in western Europe down 6.8 per cent to 14m b/d and in Japan down 9 per cent to 5m b/d.

Furthermore, oil's contribution to total primary energy consumption also fell—in the U.S. from 45 per cent to 42 per cent, in western Europe from 55 per cent to 53 per cent and in Japan from 71 per cent to 66 per cent.

There has been a further drop this year. Although not spelt out in the statistical review, BP privately estimates that oil demand in the non-Communist world is currently running about 4.5 per cent lower than last year. The company expects this to bottom out and give an average consumption of around 47m b/d for 1981—nearly 5m b/d lower than 1979.

Thereafter the picture gets a great deal cloudier, but BP evidently thinks that demand could rise to about 50m b/d in the next three to four years as the western economies come out of recession and that this level of consumption could once more give OPEC significant powers of price leverage.

One of the most important assumptions underlying this analysis concerns the extent to which oil demand will rise when the West comes out of recession.

Put another way, how much has the fall in demand in the past year been due to energy conservation and structural change away from oil to other fuels—drops which will not be reversed—and how much to lower economic activity, a fall which will be reversed?

This is one of the most important questions facing the oil industry today, yet no one is very sure of the answer. Energy economists say it will be impossible to disentangle the elements until economic growth increases.

Private, and very tentative, analysis by BP suggests that about half of the fall in last year's oil demand below the pre-1973 growth trend may be due to the recession and only about one-quarter each to conservation and substitution.

Similar caution about the impact of substitution shows up in Cambridge Econometrics' 20-year forecast of UK energy supply and demand.†

The authors say they are sceptical about the pace at which the West has adjusted to higher energy costs. "While fully accepting that structural change will take place, we continue to hold the view that western economic growth will be constrained by oil dependence to rates which are lower than those prevailing in the 1950s and 1960s."

In line with many analysts, they believe the world oil glut will continue for the next two to three years, with only very slight rises in real oil prices. But as world growth picks up there will be a tightening of the market and oil prices will surge forward in 1984. By AD 2000, oil will cost $67 a barrel in 1981 prices.

More controversially, Cambridge Econometrics argues that British industry is not likely to move from oil to coal firing on the scale widely forecast.

Two reasons are advanced for this. First, "a switch away from oil would imply some added investment, which given the generally poor investment climate in the first half of the 1980s is unlikely to materialise." Secondly, the authors say that the faster growing sectors of the UK economy are "oil-based" to a far greater extent than the slower growing or declining sectors.

They therefore believe industrial demand for oil products will rise—from 6.9m therms in 1980 to 10m therms in AD 2000—while that for coal will decline, from 3.6m therms last year to 2.8m therms in AD 2000.

Cambridge Econometrics' figures run totally contrary to accepted wisdom and present a sharp contrast to the picture presented by the International Energy Agency in its latest review of members' energy policies.‡

The IEA does not give any firm estimate of the effects of substitution and conservation, but it says that there are indica-

As growth picks up there will be a surge in oil prices

tions that "major structural changes are gathering momentum. Price induced conservation and fuel substitution have substantially reduced oil consumption in 1980."

But the Agency sees no grounds for complacency. It points out that after the 1973-74 oil price rises a similar optimism about declining oil consumption prevailed and efforts to promote structural change slackened.

The result was that when IEA economies recovered after 1975 demand grew at very rapid rates, leaving countries unnecessarily vulnerable to the supply disruptions which accompanied the 1979 Iran revolution.

Anxious that this pattern should not be repeated now, the IEA says it would be "dangerous if an attitude of complacency were to develop, for there is nothing in the energy situation . . . that would justify it."

Indeed, latest IEA estimates of supply and demand suggest that if the market is roughly to balance in 1985 the world will have to cut consumption or increase production of oil by some 4.2m b/d more than envisaged now. For 1990, the figure rises to 5.5m b/d.

This disturbing projection, moreover, is based on the assumption that OPEC members will be producing 30-31m b/d through the 1980s—some 3m-4m b/d more than in 1980.

Such a level is within OPEC's technically sustainable crude output capacity of about 34m b/d. But a large question mark hangs over whether members will be willing to produce at such a level and whether political instability in the Middle East might prevent them from doing so.

However successful or unsuccessful the IEA's drive for conservation and substitution proves to be, the West will remain highly dependent for the forseeable future on oil supplies from the Middle East, particularly Saudi Arabia, currently producing more than 40 per cent of OPEC's output.

Political upheavals in the Middle East could therefore upset all the analysts' careful projections and bring on an unexpected oil crisis.

The point has been underlined afresh by Mr Myer Rashish, the U.S. Under-Secretary of State for Economic Affairs.

"Unless adequate preparations are made," he said, "energy supply disruptions could inflict substantial economic losses and impose serious political strains on the U.S. and our allies."

* BP Statistical Review of the World Oil Industry. 1980 BP. Britannic House, Moor Lane, London EC2Y 9BU.

† Cambridge Econometrics Energy Forecast Number 12. P.O. Box 114, Cambridge CB2 3RW.

‡ International Energy Agency. Energy Policies and Programmes of IEA Countries. 1980 Review. Available from HMSO.

APPOINTMENTS

Tarmac group posts

TARMAC has made the following appointments within its building products division: Mr John Hurst, managing director of Briggs Amasco, has been given a senior divisional appointment, and is succeeded by Mr Ian McPherson, formerly assistant managing director. Mr Hurst has been appointed chairman of British Hydroflex a subsidiary of Thomas Witter and Co. He will also be responsible for all the division's activities in the Republic of Ireland and Northern Ireland.

*

Mr Barry Sack has been appointed managing director of TARGET TRUST MANAGERS. Mr Sack has held executive positions with the RIT Group since 1973.

*

PROVIDENT LIFE ASSOCIATION OF LONDON states that Dr Peter Binswanger retired from the Board on July 14. Dr Hans R. Studer has joined the Board. Dr Studer was recently appointed general manager of Winterthur Life of Switzerland.

*

The ENGINEERING INDUSTRIES ASSOCIATION has appointed Mr John Bolton as president and promoted its chief executive Colonel Bob Scott to director general. Colonel Bill Williams takes over the vacant place of director.

*

Mr Daniel Brewin has been appointed director of operations at MANCHESTER INTERNATIONAL AIRPORT and is expected to join the Airport Authority in September. Mr Brewin is currently passenger sales manager (London) with British Airways.

*

Mr E. C. Cook is relinquishing UK executive responsibilities on October 31 and retiring from the MARLEY Board on April 3 1982 but will continue his interest in roof tile operations in North America and France in a consultancy capacity.

*

Mr Lewis Davis and Mr David Coffer, partners in Davis and Coffer, estate agents and valuers, have joined the Board of the TREVIAN PROPERTIES.

Mr Roger Trigell has been named as a new member of the Board of HANSON HAULAGE. Mr Trigell is group director of marketing of Roadline UK. His responsibilities with Roadline, which he joined in 1978 from British Road Services, remain unchanged.

*

Mr Eugene J. Dickert has been appointed director of operations, Europe, Middle East and Africa for ELLIOTT COMPANY, the turbomachinery manufacturing subsidiary of United Technologies Corporation. He was previously vice president of marketing at the company's headquarters in Jeannette, PA.

*

Mr Jerry Owen, corporate strategy manager for Lex Service Group, will be joining VOLVO CONCESSIONAIRES next month as marketing director. Mr Owen succeeds Mr Michael Taylor who is leaving to establish his own marketing consultancy. Mr Philip Payze, Volvo field operations manager, has been appointed field operations director which includes responsibility for dealer development and district office operations. He succeeds Mr Lionel Squire, who is taking up an appointment as managing director, Lex Brooklands, the group of Volvo retail outlets.

*

Mr Brian Walker has been appointed to the board of the HERMAN SMITH GROUP. Also managing director of the electrical-engineering subsidiary Herman Smith (Eurocraft), Mr Walker joined the group seven years ago from Weathershields, where he was director and general manager for four years.

*

Mr Frank Cheshire has been appointed assistant managing director of WILLETT and its associated companies, Cementation Building and Simms Sons and Cooke (Northern). Mr Cheshire was formerly director and head of operations in England for Henry Boot Construction. He replaces Mr Bill Dare who has retired. Willett is a member of the UK building division of the Trafalgar House Group.

*

Mr David J. Fuller, sales manager, has been appointed sales director of STEPHENS BELTING COMPANY following the retirement of Mr T. J. Mills.

*

BLACKWOOD HODGE states that Mr A. R. Barker has resigned his position as a director of Blackwood Hodge Ltd and as managing director of John Blackwood Hodge and Co. to enable him to act as a consultant.

*

Mr Alan Hutt has been appointed company secretary of HONEYWELL, holding company for Honeywell's UK operations, following the retirement of Mr John Manners, treasurer and secretary since 1970. Mr Hutt, who is director of legal services for Honeywell Information Systems, is also company secretary of that operating company. Mr Manners' treasury functions have been transferred to Mr Bob Mall, director, finance for Honeywell Control Systems. He will provide treasury services for the Honeywell Group of companies and co-ordinate corporation tax and VAT matters. Mr Manners' position as secretary of Honeywell Control Systems has been assumed by Mr Richard Reed, who joined that company as legal adviser in March this year.

*

Mr Hugh Ellis Rees, at present head of the Construction Industry Directorate, is to be regional director of the EAST AND WEST MIDLANDS REGIONAL OFFICES, Departments of the Environment and Transport, from October 1. He will be based in Birmingham, and will succeed Mr Donald Routh who is returning to headquarters on the same date and will be appointed head of the Construction Industry Directorate.

*

Mr O. H. H. Lebus has retired as chairman of HARRIS LEBUS.

TECHNOLOGY

EDITED BY ALAN CANE

Why Metal Box decided to take the wraps off

Metal Box aims to boost flagging profits by exporting packaging know-how. David Fishlock explains how.

METAL BOX is looking for partners in a drive to transfer more of its technology overseas and earn more from royalties.

A guest day last week at its new research centre at Wantage—the first of six planned this year—brought together research managers from contract research organisations, UK exporters of engineering, and diplomats from nations Metal Box believes might want its technology.

China beans

Its case is succinctly argued by Dr John McIntosh, managing director of its research and development division, who says it is offering to help countries get into exports themselves by transferring its packaging technology. "China is still making cans by hand. How can they sell their green beans on the world market in primitive packaging?"

He reckons that the developing countries account for only 7 per cent of world packaging requirements at present. Yet 50 per cent of world food production is spoilt for want of modern packaging technology.

But "modern" for some situations may well be packaging technology Metal Box developed in the 1940's, Dr McIntosh says.

The idea of a concerted effort to export its packaging technology is rooted in the current success of its overseas division, at a time when group profitability in Britain has slipped. The company boasts that for half-a-century it has been successfully transferring technology to its subsidiaries throughout the world. In 1980 its overseas sales accounted for 40 per cent of group income but 55 per cent of profit.

In 1979 Metal Box brought together four UK laboratories on three different sites into a new £10m R and D centre at Wantage. In an elegant building of salmon-pink brick about 400 graduates—of a total staff of some 550—work under the direction of Dr McIntosh.

Their research straddles the three broad facets of packaging — manufacturing technology, materials, and new products made possible by packaging. They like to point to the "skinless" rice pudding you can get from a can. Their experimental kitchen is constantly searching for new ideas it can sell the food industry.

John McIntosh, md for research: "Metal Box researchers have to sell their ideas all the time."

"Nobody in the company has to do more selling than the R and D man. He has to sell his ideas all the time," Dr McIntosh says.

His job, as Dr McIntosh sees it, is to ensure greater exploitation of the research programme, to help turn the research division into a profit centre, and to engender a businesslike approach in the laboratories. "It's quite clear that we have the capacity to create new businesses."

To spearhead the group's push into technology transfer the company has appointed a senior engineer, Ivan Imber, from the board of its engineering division, to take charge of Metal Box Technology Transfer. Imber's job is to create the "market pull" that will draw from its laboratories technology which, though successfully demonstrated, may have failed to suit the requirements of the group's own operating divisions.

Imber's idea is to put together "consortia" to handle new projects in a developing country. Metal Box's research centre—where he has based himself—would provide the technology. Other members of the consortia would include a civil engineering contractor, and perhaps a specialist contract research organisation in some facet of the technology. An example might be the Campden Food Preservation Research Association, in the preservation of food.

The group stresses that it is not competing for contract R and D. Its research budget has not suffered in recent corporate economies, and it is not undertaking research projects instigated by other companies.

But to support a new venture in a developing country it may need to discover, for example, what effect the locally favoured insecticide has on the odour or flavour of the crop to be canned.

"We think the can is due for a revival," says Dr McIntosh. High Street price wars have undermined confidence in the quality of canned goods. Time was when Metal Box made about 7m cans a year in Britain. Today it is down to about 6m, with the group claiming to have about two-thirds of the UK market for food cans and half the market for beverage cans.

Canned wine

Currently only pet food among the canned goods is showing strong growth. But Dr McIntosh eyes enviously the way the French market even their wine in cans.

Of the £10m capital investment at Wantage, about one-third has gone into a very versatile new canning line, computer-controlled, planned to cover a wide range of techniques, all of which can be demonstrated at full production speeds. They claim that no other packaging company in the world can match the technology of their semi-technical laboratory.

Not everyone in the developing world will want the last word in microprocessor-controlled canning. But some aspect of the total technology — special knowledge of spoilage, of the dangers of micro-organisms growing in the process lubricants, of noise control in canning machinery — may be crucial to a new venture's success. Or a pilot-scale operation in the laboratory may match precisely the needs of a company opening up a new market.

In plastics packaging too, the group claims to be at the forefront of technology. Even the humblest package of polythene film needs a lot of science if the user is to successfully seal it, print upon it, make it impermeable as a wrapping of food. A pilot production line at Wantage, set up to experiment with composites of plastic and cardboard, is available for trials of novel "cardboard cans." For glass bottles, the researchers have even developed a new kind of "cork" —of moulded plastics.

Cutting the cost of fibre optics

MANY NEW applications in short haul data transmission by fibre optics will become possible, states General Electric Company of the U.S., with new low cost semiconductor light sources and detectors it has just launched on to the world market.

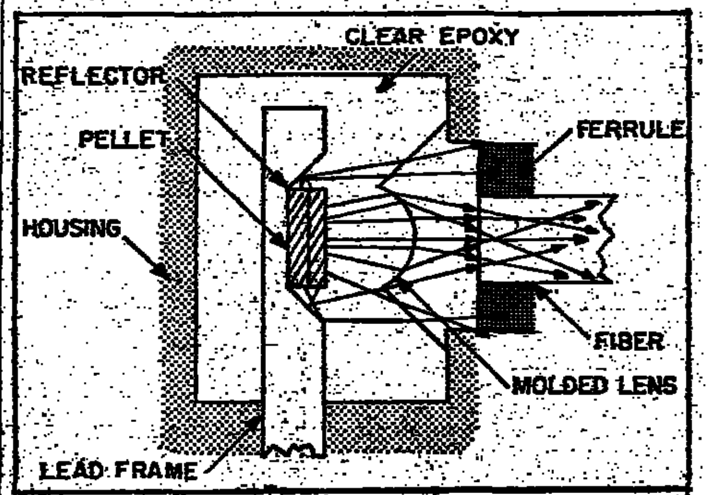
These devices, which are designed to work into Amp Optimate fibre optic connectors, cost only about one-fifth of the price of previously available gallium arsenide infra-red light emitting diodes and silicon photo-transistors, according to GE. Because transmitter-receiver hardware can represent one half the cost of present fibre optic transmission systems, the GE introductions of relatively cheap active devices could have a significant impact on total system costs.

Widespread use of the components seem likely, since the Amp connectors themselves can be successfully employed with 40 different types of optical fibres. GE says that although the devices have been designed with short haul links in mind (100 metres or less), they have already been employed successfully with up to one kilometre of glass fibre cable.

The emitters and receivers use an integrated optical system design and a manufacturing process (liquid phase epitaxial) which results in low degradation, long-life emitters (five million hours). A durable resin housing and recessed lens design provide a good match to the optical cable.

These components should allow many more engineers to realise the acknowledged benefits of optical transmission including high voltage isolation, immunity from electromagnetic interference fields, the absence of spark and fire hazard, low weight due to absence of copper conductors, no cross talk and no inductive ground loops.

Further data from International General Electric Company of New York, Demesne, Dundalk, Ireland (Dundalk 32371).



POINTERS

New way with atomic waste from Battelle

BATTELLE'S Pacific Northwest Laboratories has an idea for solidifying buried radioactive and other hazardous waste by melting it in-situ using electricity.

Power levels would depend on the size of the "melt" and no figures are provided by Battelle. However, project manager R. A. Brouns says that the cost of using the technique for radioactive waste would be about U.S.$10 per cubic foot, and rather less for non-radioactive waste. He claims that other proposed options would cost between U.S.$10 and U.S.$70 a cubic foot.

Graphite is arranged near the surface in patterns between the inserted electrodes which are driven to the depth at which waste has been buried in trenches and covered over with soil.

When a current is passed, the graphite acts as a "starter" material to melt the waste and soil between the electrodes. Then, the surrounding materials will continue to melt as long as electricity is supplied. During the process the melt volume extends downwards towards the buried waste, which it eventually engulfs. The whole vitrified mass sinks into the soil and when the proces is complete the site is backfilled.

Battelle Pacific Northwest Laboratories are at Richland, Washington 99352, U.S.

Contraves magnetic keyboard works without springs

CONTRAVES HAS made a move into the keyboard market with a design based on a patented springless magnetic return principle. The range of products available includes individual keyswitches as well as complete keypad clusters and telephone "dialling" pads. It will be extended soon to include full alphanumeric boards.

Use of magnets gets around the wear problems associated with spring mechanisms and, it is claimed, gives more positive switch contact and longer life.

The new Contraves switch provides the maximum thrust to be overcome by the operator at the start of the keystroke. Thus, once the initial resistance has been overcome, it is most unlikely that the keystroke will not be completed. With a spring, the pressure applied by the user has to increase towards the end of the stroke and, claims the company, it is possible for the operator to think she has completed a stroke when this is not the case.

Other features include self-cleaning contacts and full tactile feel.

More from Contraves Industrial Products, Ruislip (08956 30196).

Hitachi squeezes conductor spacing to three microns

CONDUCTOR SPACING is down to three microns (three millionths of a metre) in the latest 64,000 bit erasible programmable read only memory (EPROM) from Hitachi.

The device is organised as 8192 x 8 bits; it is ultra violet erasible and electrically re-programmable. A transparent lid allows simple erasure by exposure to an ultra-violet lamp.

Designated HM 482764, the memory is housed in a 28 pin dual-in-line package, designed to be upwards compatible with future 128k and 256k versions and with its 32k predecessor. Thus, board layouts are simplified and it becomes easier to plan expansion for the future.

The EPROM has an access time of 450 nanoseconds and both inputs and outputs are TTL compatible. A low power standby mode reduces power consumption from 150 to 35 milliwatts.

More from Hitachi Electronic Components, 221 Station Road, Harrow, Middlesex (01-861 1414).

How to measure the sea 1000 metres down

THE MODEL 8770 marine environment monitoring system from Offshore Environmental Systems of Farnham, Surrey (a Racal-Decca company) can measure and record conductivity, salinity, temperature and depth as it is raised and lowered in the sea. Maximum operating depth is 1,000 metres.

The system can be used for a variety of ocean studies, including fisheries research and for chemical and mineral investigations. Probe dimensions for the standard device are 730 mm long by 370 mm diameter and there are eight channels for sending the data to the surface. Standard parameters are pressure, temperature and conductivity; others, such as dissolved oxygen content, are optional.

There are two types of surface equipment. The basic unit provides power to the probe as well as receiving and decoding the serially transmitted data. It operates on 24 V dc and may be connected to a cassette tape recorder for permanent data storage.

The full unit uses a microprocessor and has digital displays in engineering units for all the measured quantities, making the necessary calculations. More on 0734 782158.

Protronic aims to make logic control simple

PROTRONIC OF Fareham, Hampshire, has introduced a simple and economic programmable logical controller, the Micron PLC.

According to the company, the controller can be used for a wide range of industrial applications including heating and ventilating, packaging, materials handling, process control and so on.

The device is microprocessor based, but Protronic says that it has been designed for simplicity and reliability—it is programmed, for example, in the same terminology that electricians use. No hidden interfacing cost should be incurred, the company says. The basic cost of the device is £480. More on 0329 287308.

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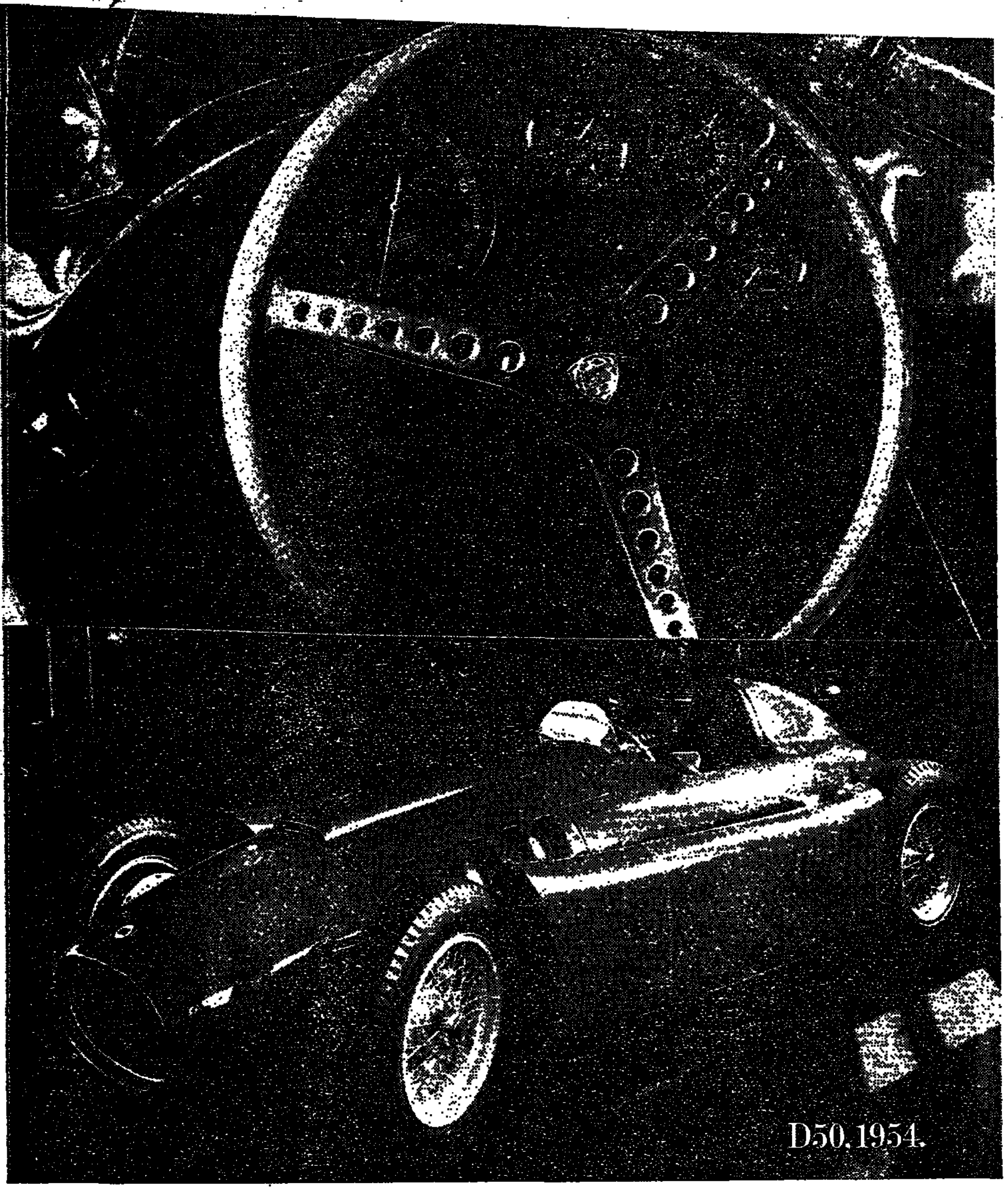

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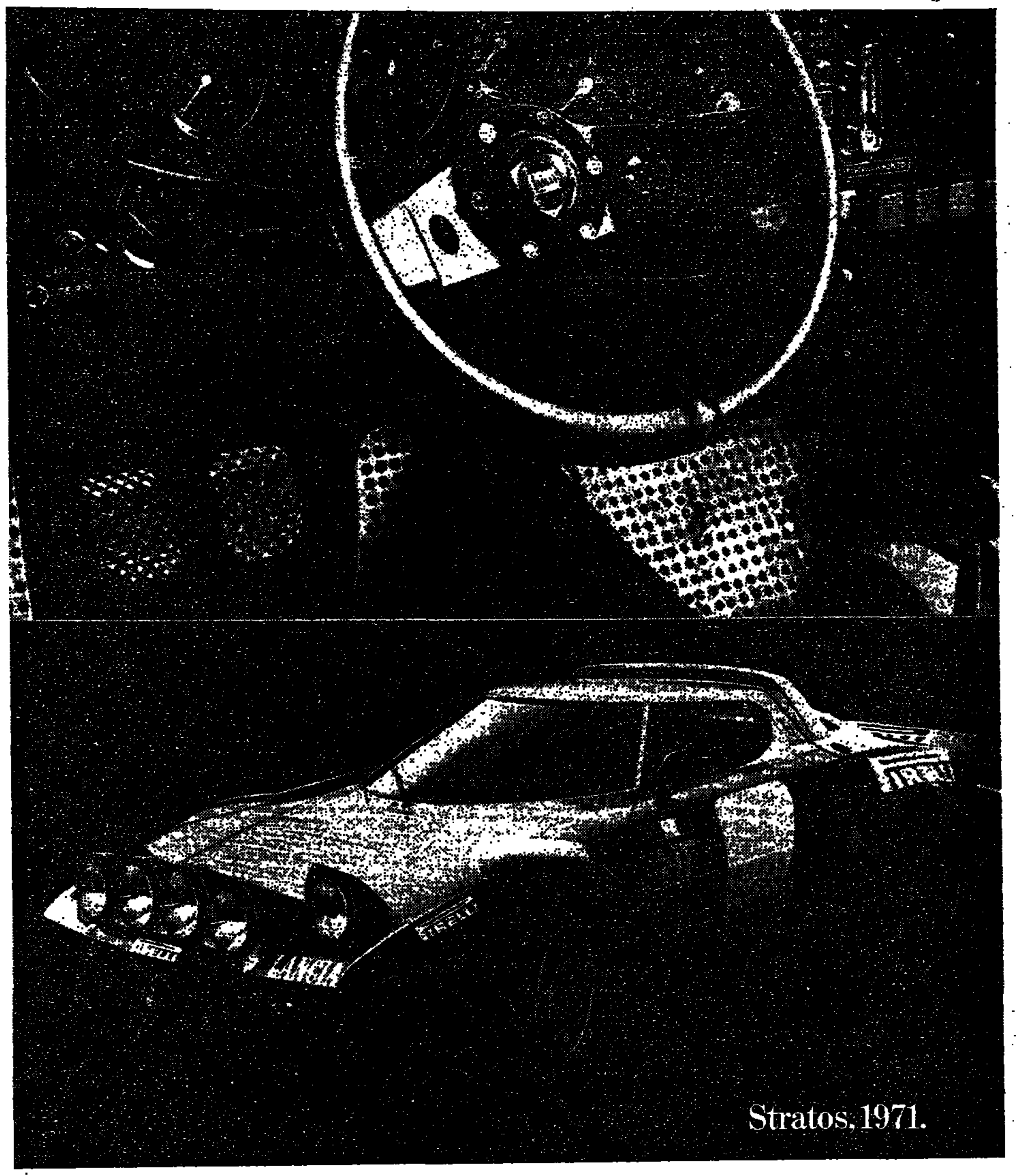

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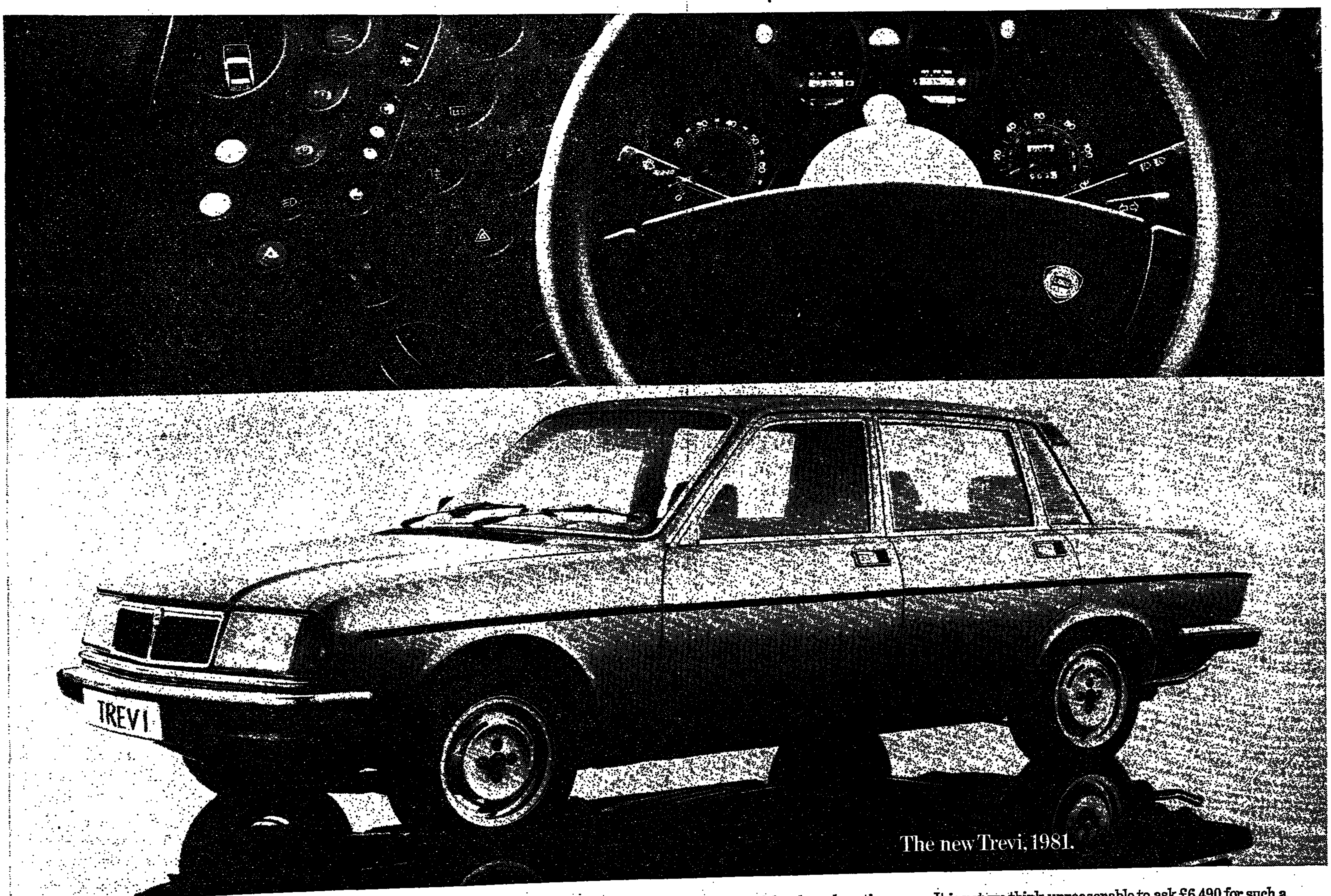


The new Trevi, 1981.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Fellows who escaped from Catch 22

Alan Pike reports on an EITB scheme to introduce professional engineers to manufacturing management

TWO years ago Allan Roe went to Lee Green Precision Industries, a South London engineering group, as a student working on a project. Two months ago, at the age of 30, he became the company's manufacturing director.

This is not just the story of a bright young entrepreneur. Allan Roe is also among the first fruits of an unusual attempt by Britain's Engineering Industry Training Board to open up manufacturing management to larger numbers of young professional engineers.

The board devised its Fellowship Scheme in Manufacturing Management—which is now directing people like Roe towards new careers—in an effort to respond constructively to research in the mid-1970s which showed that manufacturing employs comparatively few professional engineers. So few young engineers were entering manufacturing management that there were not even enough to fill the vacancies caused by wastage, and the evidence showed very little movement of professional engineers across functional boundaries.

Believing that manufacturing is the "crucial, creative factor on which the material success or failure of everything else depends," the board began considering how it could rectify the shortfall revealed by its research. It had to solve the conundrum that employers would not consider young professional engineers and scientists as manufacturing managers because they lacked any management experience, while the engineers themselves were unwilling to revert to trainee status and salary in order to gain experience.

The fellowship scheme which resulted is, by any standards, much more sophisticated than a normal management training course. It begins with a complex selection process designed to ensure that only the right candidates get beyond this stage. This is by no means a formality. The backgrounds of many potential fellows are in analytical fields where decisions are made by small groups of like-minded, professionally qualified colleagues.

Successful candidates must demonstrate that they will be able to flourish in the much more participative world of manufacturing management. In the words of the training board, they must be quick-witted, resourceful, adaptable, ingenious, diplomatic and, most important, "able to work with people and to manage them."

Selected fellows—including two women so far—then spend about six months at the Cranfield Institute of Technology, followed by a year in industry. The Cranfield phase is taught at approximately M.Sc. level, and concentrates on areas like finance, production planning and industrial relations where, because of their specialist backgrounds, the fellows are likely to have only limited experience.

Measurable

It is, however, in the year's industrial phase that the fellowship scheme really puts its candidates to the test. Each fellow is sent into a company to work on a project, at the end of which he must be able to demonstrate that he has produced a measureable improvement in the organisation's activities. The project has to be a "real-life" one necessary to the company's future plans, rather than something artificial invented for training purposes.

A former engineering apprentice who then took an HND in mechanical and production engineering, and one of the few non-graduates to have been through the scheme, Allan Roe was working for British Aerospace as senior procedures engineer on the Tornado project when he was accepted for a fellowship.

Although sponsored by British Aerospace—some fellows are sponsored by employers, while others receive grants from the training board—he chose to carry out his industrial phase at Lee Green, a company manufacturing precision connectors for electrical, communication and fibre optic applications.

His project required him to increase production of a particular connector from 400 per week to 5,000 in the space of about two months. He succeeded—adding modestly that the enormously increased output was achieved with less labour—by improving stock flow, tooling and production control.

After this he was drawn into an extensive programme of modernisation and reorganisation being carried out by the company, completing his project year as engineering manager. Like a number of other fellows, he finished up accepting the offer of a permanent job with his project company, preferring the direct action opportunities of a smaller employer to returning to the more remote atmosphere of British Aerospace.

Roe admits that he was lucky to achieve such a dramatic increase in productivity; his arrival at Lee Green coincided with the appointment of a new managing director and a new phase of development; an atmosphere of change was in the air.

Nonetheless, the training Board is satisfied that its insistence that all projects must be of real, measurable benefit stands up to wider examination. Fellows have been successfully involved in such wide-ranging activities as developing new stock control systems and devising improved management structures.

Clare Checkland, a former development engineer at Rolls-Royce, spent six months as machine shop foreman in Davy Instruments's strongly-unionised Sheffield plant and has now become production manager there.

Sometimes the fellows are helped in their projects simply because the Cranfield-trained eye of an outsider notices things which have been overlooked, or ignored, by people on the ground. In addition, as Michael Compton, another fellow, says: "An outsider is treated in a different way and has great opportunities to achieve things so long as he gets people's confidence."

Unlike Allan Roe, who worked his way through the engineering industry starting as an apprentice, Compton entered engineering after a military career. In spite of their different backgrounds, both believe the fellowship scheme gave them benefits which it would have been difficult to obtain elsewhere.

Compton is impressed that the industrial phase, by giving fellows the opportunity to make their own decisions in a real industrial environment, "enables you to take on things which frighten you a bit."

Another student who is now employed by the company where he undertook his project—Walker Crosweller, a Cheltenham engineering company—Compton is convinced that he would not, in his present job of manufacturing manager, "be able to start asking questions at the same level if it were not for the fellowship."

Roe is impressed by the sheer range of opportunities for seeing something of many aspects of industry which the scheme offered. He spent periods with both the Engineering Employers Federation and the Amalgamated Union of Engineering Workers in the Midlands, plus short, intensive visits to BL and the British Steel Corporation. "I had three days in which to cover the whole of BL's organisation and then give a presentation on it to the directors."

It can never be conclusively proved that the fellowship scheme is creating good manufacturing managers—the training board goes to great lengths to select the right people, and it is likely that some of them would have made it through the barriers to management posts anyway.

But the board is very impressed by the number of companies which have offered project students permanent jobs since the fellowship scheme started four years ago.

At the very least, the training board has provided an answer to the conundrum revealed by its own research, and is offering young engineers a way of transferring their skills across the boundaries of the industry. This is a valuable end in itself.

Roger Taylor

Allan Roe's project required him to increase production from 400 to 5,000 components per week in the space of two months. He succeeded—and accepted a job as manufacturing director with the company, Lee Green Precision Industries

Thoughts of the chairmen . . . and other directors

BY ARNOLD KRANSDORFF

BRITAIN'S BOSSES are markedly less concerned about employee relations than they were a year ago, according to a new study made into the composition and attitudes of the nation's boardrooms.

Another finding is that directors believe that the possibility of employees enforcing boardroom change is now less likely than before.

The survey — by Korn Ferry International, the world's largest executive headhunters — asked 2,500 directors from nearly 300 of the country's top companies to consider the current issues confronting them. Whereas in 1979 more than a half said that the issue of employee relations was increasing in importance, in 1980 the figure was down to just over a quarter.

Similarly, out of the 37 per cent of the participants who foresaw changes in boardroom practices being enforced from outside — whether from the EEC, Westminster or other external sources—only 4 per cent saw this resulting from employee pressure, compared with 11 per cent last year.

As most of the respondents participated in the company's first study, Korn Ferry says that the results provide a "meaningful comparative picture."

Commenting on the apparent change of attitudes, Sir John Trelawny, Korn Ferry's deputy managing director, suggests that the continuing prospect of unemployment has made employee groups less voluble; "and this has resulted in less preoccupation among directors with organised labour."

Prohibit

The study also reveals a significant shift in attitudes towards non-executive or part-time directors, whose representation on British boards is growing slowly. Among those companies employing non-executives (37 per cent, up from 34 per cent), many more were allowing their own executive directors to sit on other boards; also, fewer companies were prohibiting their executives from retaining non-executive fees elsewhere.

Korn Ferry reports that the U.S. view that companies should create audit and remuneration committees with non-executive majorities to govern their affairs has not found much credence in the UK.

The study also reveals that there is an increase in the practice of shareholders' representatives acting as non-executive directors. The banking sector is also providing a significant new source of non-executive directors—an indication, no doubt, of the current preoccupation with financial management.

On remuneration, Korn Ferry discloses that average annual base salary of an executive director increased to £32,246 for the period to end March, 1981—an increase of 13.6 per cent. This percentage rise correlates with other recent top salary surveys and is similar to the percentage increase received by UK industrial workers over the period.

In contrast, the survey discloses that the average non-executive salary rose by only 8.6 per cent to £4,802. In the U.S. non-executive directors are on average paid the equivalent of around £15,000.

Other points of the survey were:—

- Overall boards met an average of nine times during the year.
- Boards have an average of nine directors.
- The average number of days per year served by non-executives was 14.

Boards of Director Study, by Korn Ferry, 2-4 King St., London SW1; £10.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Company to partnership

Are there any means whereby a small private company which owns and farms agricultural land, and in which two persons each own 50 per cent of the shares, can be changed into a partnership without incurring excessive tax liability and legal costs?

The short answer is no. The best source of advice would be the company's auditors, because they will know the background facts, as well as the current and prospective law.

Transferring net assets

Could you kindly advise on the most economical method of transferring the net assets from a trader who wishes to convert his business into a private limited company? Is it legal and necessary to negotiate a contract of sale to transfer the net assets or would it be expedient simply to invoice the assets, less creditors etc, from the old business to the new company, leaving out any goodwill which may or may not exist? What about the capital duty?

It is not necessary to have a contract of sale; nor should it be necessary to pay any substantial capital duty. If the company is formed with a nominal capital — say £100 — its purchasing can be financed from a directors' loan. Goods can then be bought in on an ad hoc basis. It would be normal to leave goodwill entirely out of account.

Subsistence rates

Can you please tell me if there is any rule as to the amounts of allowances which a firm may pay to employees who are temporarily located away from their homes and normal places of employment? Is it correct that different amounts are allowed for different parts of the country?

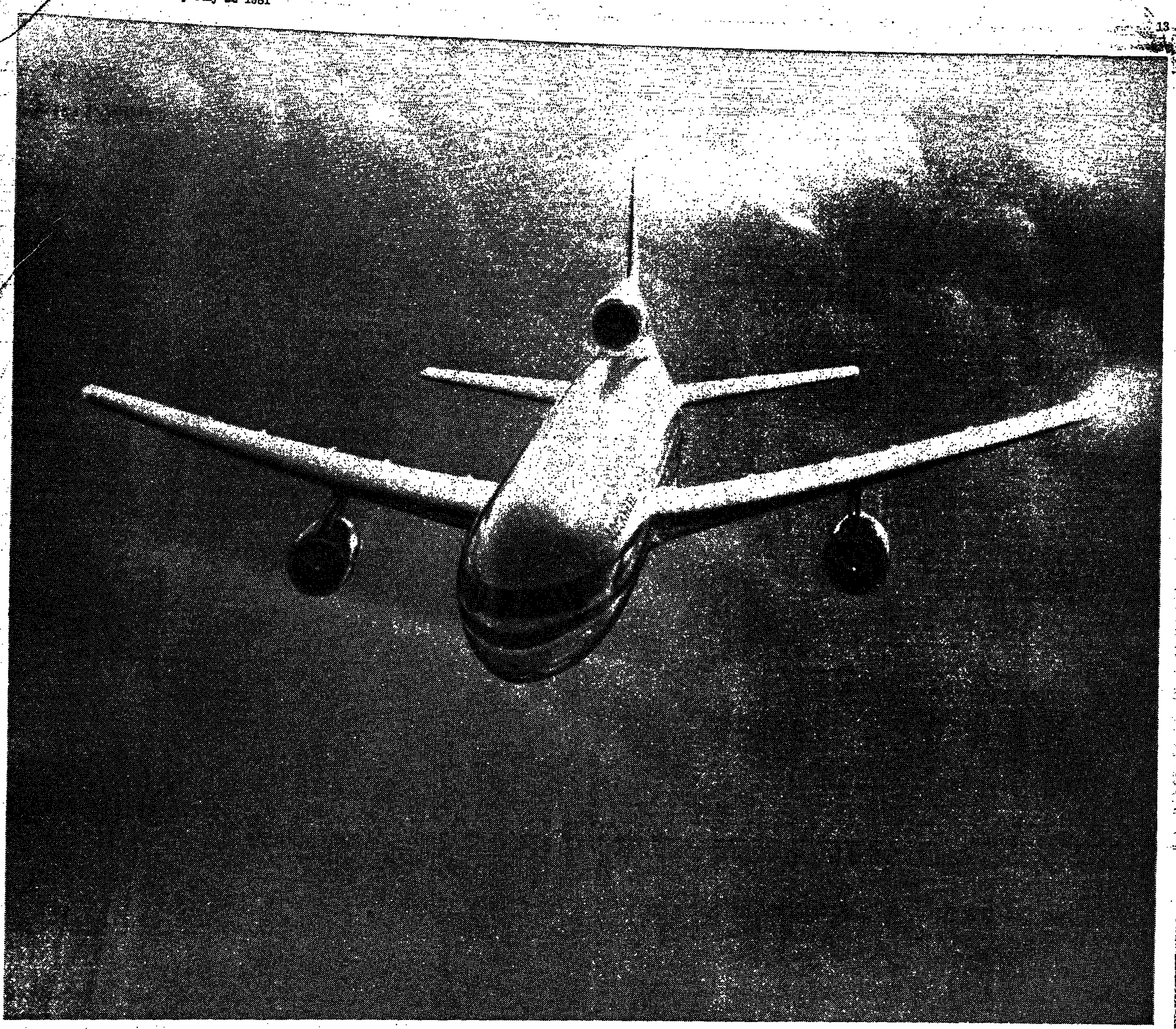
The amount which may reasonably be regarded as conferring no benefit upon employees (other than higher-paid employees) will indeed vary according to circumstances and, since there is no rule of thumb, will depend to a certain extent upon individual inspectors' judgments. The preliminary negotiations with the PAYE tax office are probably best conducted under the guidance of the firm's accountants (or other tax advisers).

Private company shareholders

Is there now any limit on the number of persons allowed as shareholders in a private limited company? (I believe there was a restriction limiting the number of shareholders in a private limited company to 50 plus any former employees, etc.)

There is now no upper limit on the number of members of a private company.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



The future means more long, narrow air routes. The L-1011 means more profit in flying them.

Air traffic, around the world, is facing a future of important change.

'Open sky' agreements among nations will result in many new routes that involve moderately travelled, non-stop flights of more than 3,000 miles. Such long, narrow routes, already growing dramatically in number, will be about one-third of the world's airline traffic by 1985.

But to make such routes profitable, airlines will need a flexible, special kind of jetliner ... the kind that passengers want for non-stop comfort ... the kind that operators must have in order to realise healthy gains.

That jetliner of the future already exists—it's the long-range, wide-cabin Lockheed L-1011-500 TriStar.

The edge in technology.

The L-1011 is the world's most advanced big jetliner because of its unequalled blend of the best in technology, which is ahead of its time. And it's uniquely designed to accept even more advanced developments as they occur.

Many L-1011 systems are exclusive. So far, only this big jetliner has been able to add lengthened wings and computer-driven Active Control ailerons. Result: less drag, significant fuel savings, and the smoothest flight in the air.

Other exclusive L-1011 features; a unique throttle-controlling fuel-saving Flight Management System. A new digital autopilot —a high reliability breakthrough that even pinpoints maintenance problems for fast, cost-saving attention by ground crews. And the only Flying Tail on a big jetliner, for better pilot control at all times.

The edge in profitability.

The long-range TriStar, still as wide but shorter and lighter than other three-engined jetliners, is ideally matched to that rapidly growing market of the 1980s.

It can cover stretches of ocean forbidden to two-engine jetliners, which cannot be certificated for such flights over water. And the L-1011-500 costs far less to acquire and operate than big four-engine jetliners.

What's more, this magnificent aircraft can fly those routes at plane mile costs, which are 8 to 10% lower than those of its nearest competitor. Actually, over long, moderately travelled flights, the L-1011-500 delivers a combination of low plane mile and seat mile costs that no other big jetliner can match.

Made for the future.

Without question, the L-1011-500 TriStar will give airlines a competitive edge because it is clearly the profit winner for those flights that will make up a third of the world's air traffic.

If you're involved in the critical problem of airline profitability, *shouldn't you be looking closely at this outstanding jetliner?*

Lockheed L-1011 TriStar

LOMBARD

The real lessons from UK farming

BY JOHN CHERRINGTON

MRS MARGARET THATCHER, the Prime Minister, paid a flattering tribute at the Royal Show last week to the way in which farming had performed over the past 20 years. British agriculture, she said, had produced 64 per cent more than it did 20 years ago: labour productivity had increased by 150 per cent over the same period, virtually three times the increase in productivity generally.

"If only" she continued, "the whole of industry had performed as well as agriculture, the economy of the country would have been transformed."

What she said about production is perfectly true. But her last proposition deserves the most careful analysis. Labour productivity has increased because workers have been leaving the farms ever since the last war. In 1961 there were 660,000 employees. There are just on 300,000 now, and numbers are falling by about 5 per cent annually.

That there was no great outcry from the trade unions was due to the fact that over much of the time the rest of the economy was doing quite well. Ex-farmworkers moved over to other work, or retired and were not replaced. The National Union of Agricultural and Allied Workers made great play of the fact that workers were leaving and blamed this on low wages. Yet over the whole period there has been, in my experience, no shortage of men willing to do farm work even though wages were low.

Paternal

Labour relations, she said, were good. There were no strikes or restrictive practices. This is not necessarily to the credit of farmers as managers. It is relatively easy to manage a handful of men—the average large farm only employs four. Labour relations, while they may be called paternalistic, are usually quite good.

Since the war British farmers have had a protected market. First there was an open-ended guarantee for everything, and then it was limited to a standard quantity which would be paid for at the full price and averaged with the surplus. This price was supported by deficiency payments, and by some control of imports and levies on them.

Since joining the EEC farmers have been the beneficiaries of a very protected pricing system indeed. Although it did not live up to all its promise, because of problems over the green pound and monetary compensatory amounts, the system was quite sufficient to keep farm production on a steady rise since 1972.

Since that date cereal prices have trebled, as have those for beef, sheep, sugar beet and milk. It is true that farm costs have also risen; some manufacturers took advantage of the general euphoria, particularly in the arable sector, and raised prices almost recklessly.

Pointless

It is a pointless exercise for Mrs Thatcher to belabour industry and the trade unions with the farming example unless she and her Government are prepared to give the same assistance as farmers have received. The common agricultural policy is the most protectionist device ever exercised by any collection of states. It not only erects high barriers against third country imports but ruthlessly subsidises exports of the surpluses which result from this protectionism. This is to the marked detriment of other world market suppliers and at the expense of the taxpayers and consumers generally.

Is there not a case here for asking why the protectionism given to the farming sector should not be extended to some industries? Protectionism has not done any harm to the production and productivity of farming, would it really be such a terrible thing to protect selected industries in a similar way?

Then there is the problem of labour. Farmers were lucky in that they got rid of half their labour force in the last 20 years without pain and grief because there was alternative work for them. But the social and political consequences of shedding those sort of numbers from industry without viable alternative employment are becoming increasingly obvious.

A fine horticultural duet in Gloucestershire

GREAT GARDENS are not works of art which you would expect to grow in pairs. Yet there is one part of England in which two superb gardens lie within a few hundred yards of each other.

Near Chipping Camden in Gloucestershire not far from Broadway and Evesham, you can spend the day at the famous garden of Hidcote Manor, first of the many fine gardens to have passed to our National Trust.

On most Wednesdays, Saturdays and Sundays you need only walk for five minutes from Hidcote's back avenue to discover the equally remarkable gardens of Kiftsgate Court which are still maintained by direction of their founder's daughter. They, too, are the home of an enviable range of plants.

All around them lie some of the least bleak countryside in Gloucestershire, focused on a sharply sloping view across hedges and grass fields. July is their peak season but there will be plenty to amaze you in August, especially some of the country's finest forms of hydrangea.

Both these gardens were designed early in this century. Hidcote's story is a subject in itself, but perhaps we all forget what our great 20th-century gardens owed to the quiet example of its founder, the American-born Lawrence Johnston. He bought the place as a small and unadorned estate when he was aged 36.

The more you look at his garden, the more you see how it broke with accented styles of English planning and planting. The touches of genius at Hidcote are Mediterranean and south European—the marvellous use of vistas, the evergreen hedges, the staging of pleached hornbeams, the brick summer-houses with their pointed Dutch roofs and the brilliant placing of a raised circular pond against architectural blocks of yew.

Hidcote is a monument to foresight, patience and great audacity. Few would have had the nerve to plant so resolutely for the future when designing the centre and main axes of a garden which was being made from scratch. Now, we are all the grateful heirs of his magnificent hedges at maturity.

At Kiftsgate, meanwhile, the late Mrs Muir was learning from her remarkable American neighbour. Her house was altogether more exotic.

In the 1880s, a large courthouse of Cotswold stone had been designed for a former owner of no less audacity but obvious Victorian taste. To round it off, an entire facade was imported from a Georgian manor a few miles away. A huge columned portico was moved by railway and cart to stand on the terrace of the new Victorian plan.

The ground falls very sharply down a steep escarpment below the main plateau of the house, but there was scope for shelter belts of tall trees and behind them Mrs Muir began her own design of flowered walks, sunken gardens and some aptly-chosen roses.

The layout lacked the architectural flair of Hidcote, but bore the mark of those plans which English designers had made so famous round houses modelled by Lutyens and borders inspired by Miss Jekyll. Kiftsgate, therefore, is more English, but its planting has been coaxed into controlled colours which Hidcote's owner would only have admired.

Twenty-five years ago, Hidcote would attract perhaps 50 visitors a day. Last year, it drew 80,000 in a season and the figure was already a quarter higher than five years ago despite all the rises in the cost of transport.

Perhaps you remember the great garden at Mertle in Henry James's *The Awkward Age*: "Beyond a series of gardens stretched the prospect of scattered, splendid trees and green glades . . . old gardens squared themselves in the wide angles of the old walls that were so like 'collections' . . . woodwalks rustled in the afternoon breeze and stretched away to further reaches of solitude and summer."

At Hidcote, a cosmopolitan genius planned a Jamesian framework but gave it intimacy and life by his brilliant choice of plants. Even the present number of visitors are only a fraction of those who would enjoy it.

GARDENS TODAY

BY ROBIN LANE FOX

At Kiftsgate, the privately-owned gardens now attract some 8,000 visitors yearly. As they are less well-known for no good reason, I would like to dwell on a few of the features which struck me on my recent visit.

Kiftsgate has long been a home for old-fashioned roses, but I remember it most fondly for its beds of the hybrid musks of which I often write. They were new varieties when Mrs Muir began her planting. Bushes of the lovely pink Felicia are nearly 50 years old, but are quite undaunted and are living examples of roses which become 5 ft shrubs without exhausting themselves.

Further on, runs a low double hedge of the red and white Rosa Mundi. This, too, is an old feature but it is trimmed and trained to be unforgettable when in full flower this month. If pruned hard, this rose is far healthier.

The prince of the garden roses is, of course, its massive rose filipes form called Kiftsgate. This is the biggest rose on the rampage in Britain. It now measures over 50 feet high and 80 feet wide.

It began life as a supposed form of the wild musk rose from Mr Bunyard's famous Edwardian rose nursery. It turned out otherwise and has become the best known white climbing rose for wild gardens, orchards, the edges of lakes, steep terraces or boundaries with exasperating neighbours.

Many forms claim to be Kiftsgate, but only at the garden door can you buy stock true to the parent plant. Every year, dozens of rooted cuttings go home with visitors who talk of putting them on sheds, garages or the masterpieces of modern architects. Within three years, the car would be inaccessible and the house closed to visitors without a pruning hook.

Perhaps some cuttings could be donated to those awful Knightsbridge Barracks to commemorate the Royal Weeding. Elsewhere, be warned that this is only a variety for the widest space.

Other Kiftsgate favourites are more amenable. Some of the best are sold to visitors and fill regrettable gaps in nurserymen's lists. As random sample, I returned home with the tallest lavender, Hidcote Giant, an easy white Mallow, an ordinary lilac Candytuft of clear colour and abundant flower and a spreading grey-green cover called Marrubium which is hardier than anyone suspects.

Had there been stock on sale, I would have bid heavily for Kiftsgate's wonderful purple-blue campanula, the true Latiloba Highcliffe form, not least because it runs everywhere in dry shade. Its flower spikes stand out like brilliant 3 ft candles under the branches of the low trees.

Among other good buys, I was pleased with the ignored pink achillea called Cerise Bouquet. You have to see this to appreciate that it is a far finer plant than its horrible yellow relations.

Hidcote has the grandeur and the greater collection of plants, but Kiftsgate has just as many surprises, especially among its shrubs. It also has a better range of garden rarities for sale at the door.

In any summer months, these gardens are a pleasure. I hope that you will make the most of the best horticultural duet playing side by side in this country.

Annesley the Playboy favourite

RACING

BY DOMINIC WIGAN

IT IS Playboy evening again at Sandown tonight where the bookmakers' division of that company sponsors three races—the Playboy Stakes, the Playmate Handicap and the Playboy Bookmakers Handicap.

Most interesting of their somewhat disappointingly contested events is the Playboy Stakes, which has attracted several promising juveniles including Lively Rhythm, Annesley and Tulsa Flyer.

The impressive conqueror of Macmillan at Salisbury, the West Ilsley representative, Annesley, later did well to finish a close third behind Felthorpe Mariner at Chester after missing the break. He looks worth another chance.

Shortly before Carson and Eddery make their bid, Lester Piggott will be in action at Yarmouth where he and Henry Cecil tend to "farm" so many races.

Their best prospect this afternoon looks to be Custer chasing a hat-trick in the Tall Ships Stakes.

Earlier, Barwin may give them a win in the John and Jane Winter Handicap in which the American-bred three-year-old will bid for his fifth success in six outings since the start of the campaign.

Looking ahead to Goodwood, Gamblers Dream has come in for steady Tote Stewards' Cup support with the sponsors over the past 48 hours, and is now a 20-1 chance from 33-1.

A good-looking Prince Regent gelding who put up his best performance when accounting for Shaarid at Kempton last spring, Gamblers Dream caught many an eye in the Tote Sprint Trophy at Ayr 11 days ago. Switched to the centre of the track after a quarter of a mile or so, he went about his task in determined fashion and finished a close fifth little more than three lengths adrift of the winner, Enchantment.

The furious early pace of the Stewards' Cup will suit Gamblers Dream and with more than usual expected to fall by the wayside in the week before the big sprint he could well be worth an interest.

Steel Pass is now the clear market leader with leading bookmakers at 7-1 or 13-2. He is followed by 10-1 Great Eastern, 11-1 Princess Gayle and Crews Hill, 14-1, Sparkling Boy, 16-1 Kittyhawk and Ponchielli. It is 20-1 bar.

YARMOUTH

3.15—Barwin
3.45—Alma Ata
4.45—Custer

SANDOWN

5.45—Tap On The Head
6.15—Annesley***
6.50—Teamwork**
7.25—Danlifar
8.00—Sir Samuel
8.30—Al Nasr

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (uhf only). 10.25 Cricket: NatWest Bank Trophy. 12.50 pm Closedown. 1.12 Regional News (except London). 1.15 News; Weather. 1.30 How Do You Do. 1.45 Closedown. 4.18 Regional News (except London). 4.20 Play School. 4.45 Lassie. 5.05 Newsround. 5.10 Think of a Number.
5.40 News; Weather.
5.55 Regional News Magazines.
6.20 Nationwide.
7.00 Royal Tournament.
7.50 The Olympian Way (4).
8.30 Three of a Kind (final).
9.00 News; Weather.
9.25 Royal International Horse Show.
10.45 Cosmos.
11.35 News; Weather.

All regions as BBC-1 except as follows:

BBC Cymru/Wales — 5.55-6.20 Wales Today. 7.00-7.25 Heddiw. 7.25-7.50 O Dro I Dro. 11.37-12.27 am Royal Tournament. 12.27 News and Weather.

Scotland—9.20-9.25 am The Wombles. 9.25-9.40 Jackanory. †9.40-10.05 Champion the Wonder Horse. 10.05-10.25 Take Hart. 1.10-1.15 pm Scottish News. 5.55-6.20 Reporting Scotland. 11.35 News; Weather.

Northern Ireland—4.18-4.20 pm News. 5.55-6.20 Scene around Six. 11.35 News; Weather.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
1.20 Cricket.
4.50 Open University.
5.15 Cricket.
5.40 Open University.
6.55 Six Fifty-Five Special.
7.35 Mid-evening News.
7.50 City: Roses Grow in Byker Now.
8.30 Big Jim and the Figaro Club: Hearts of Oak (Norman Wisdom).
9.00 Rhoda.
9.25 Top Crown: Bowling.
10.10 The 20th Century Remembered: Lord Boothby.
10.40 Young Musicians 1980
10.45 Newsnight.
11.30 Cricket.

LONDON

9.30 am Fight for your Life. 9.55 The Ballad of the Irish Horse. 10.40 All for Mary. 11.50 Beany and Cecil Cartoon. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Music of Man (2). 1.00 News, with FT index. 1.20 Thames News. 1.30 The Electric Theatre Show. 2.00 Live from Two. 2.45 Big Shamus, Little Shamus. 3.45 Now You See It. 4.15 Bugs Bunny. 4.20 How. 4.45 Quest of Eagles. 5.15 Here's Boomer.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 Morecambe and Wise.
9.00 Playhouse: Lynn Farleigh in "A Ferry Ride Away."
10.00 News at Ten; Thames News.
10.30 Film: Tunes of Glory.
12.25 am Close: Sit Up and Listen.

All IBA regions as London except at following times:—

ANGLIA

9.30 am European Folk Tales. 9.40 England their England. 10.10 Thunderbirds. 11.00 The New Accelerators. 11.25 Walt Disney Classic. 11.35 New Fred and Barney Show. 2.45 pm Bracken. 6.00 About Anglia. 10.30 Film: "Take a Girl Like You." 12.15 am The Big Question.

ATV

9.25 am Sport for All. 10.00 Circus. 10.25 ATV Picture Palace: "Steamboat Bill Jr" (Buster Keaton). 2.45 pm Bracken. 5.15 Survival. 6.05 Crossroads. 6.30 ATV Today. 10.30 ATV News. 10.35 Film: "Taste of Excitement."

BORDER

9.30 am Untamed World. 9.55 George Hamilton IV Show. 10.20 Thunderbirds. 11.00 World Leaders: Stalin. 2.45 pm Young Ramsay. 5.15 University Challenge. 6.00 Lookaround Wednesday. 10.30 Lou Grant. 11.30 News.

CHANNEL

2.45 pm Bracken 5.15 University Challenge. 6.00 Channel Report. 6.10 Ladies First. 10.36 Twenty Years. 11.05 Police Surgeon. 11.35 News and Weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 England Home and Beauty. 10.20 Chopper Squad. 11.10 Young Ramsay. 2.45 pm Bracken 5.15 Welcome Back Kotter. 6.00 Summer at Six 10.30 Tenspeed and Brownshoe. 11.30 News. 11.35 Seachd Laithean.

GRANADA

9.30 am Wildlife in Crisis. 9.55 Circus. 10.20 Film: "Christopher Columbus" (Frederick March). 11.55 Five Magic Minutes. 1.30 pm Emmerdale Farm. 2.45 Young Ramsay. 5.15 Happy Days. 6.00 Granada Reports. 6.25 This is Your Right. 10.35 Film: "Puppet On A Chain."

HTV

9.45 am The World We Live In. 10.10 Young Ramsay. 11.00 Sesame Street. 2.45 pm Chopper Squad.

HTV Cymru/Wales: same except: 12.00 Ffalabalam. 4.45 pm Sion Sill. 6.00 Y Dydd. 6.15 Report Wales. 10.35 Conductor at Work. 11.35 Lou Grant.

SCOTTISH

9.55 am Sesame Street. 10.55 The Collectors. 11.10 Charlie's Angels. 2.45 pm Bracken. 3.45 Survival. 5.15 Tiddlers' Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 10.30 The Sweeney. 11.30 Late Call. 11.35 Seachd Laithean.

TYNE TEES

9.20 am The Good Word. 9.25 News. 9.30 Survival. 10.20 Bowling. 10.45 Call It Macaroni. 11.10 Rockstage. 1.25 pm Where the Jobs Are. 2.45 Young Ramsay. 4.15 Cartoon Time. 5.15 New Fred and Barney Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 10.32 Hagen. 11.30 Portraits of Power: Mao. 12.00 Modern Parables of the Sea.

ULSTER

2.45 pm Bracken. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.30 Rockstage. 11.30 Bedtime.

WESTWARD

9.25 am Larry the Lamb in Toytown. 9.40 Sesame Street. 10.40 Handa. 11.05 Village Action. 11.30 Razzmatazz. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays 2.45 Bracken. 5.15 University Challenge. 6.00 Westward Diary. 10.36 Twenty Years. 11.00 Police Surgeon. 11.25 Faith for Life. 11.30 Weather and Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. 9.40 East of England. 10.05 Film: "Ivanhoe." 11.50 Cartoon Time 11.55 Wattoo Wattoo. 2.45 pm Bracken. 5.15 Mork and Mindy 6.00 Calendar. 10.30 Brass in Concert. 11.15 Mannix.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Dave Lee Travis. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Andy Peebles. 4.30 Peter Powell. 5.30 Newsbeat. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S) 6.15 Pause for Thought. 7.30 Terry Wogan (S). 8.33 Racing Bulletin. 8.45 Pause for Thought. 10.00 Gloria Hunniford (S). 12.00 John Dunn (S). 1.45 pm Sports Desk. 2.00 Ed Stewart (S). 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S). 4.45 Sports Desk. 5.45 News; Sport. 6.00 David Symonds (S). 6.45 Sports Desk. 7.30 Cricket Desk. 8.00 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 Stop the World . . . 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight. 12.00 News; Weather. Motoring Information. 1.00 am Truckers' Hour (S). 2.00 You and the Night and the Music with Patrick Lunt (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice. 9.00 News. 9.05 This Week's Composer (S). Alan Rawsthorne. 10.00 Music for Organ (S). 10.35 Brahms in English and German (S). 11.15 City of Birmingham Symphony Orchestra (S). 1.00 pm News. 1.05 Schumann (S). 1.50 Bantock BBC Singers (S). 2.30 La Sylphide (S). 3.10 Interval Talk. 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure with Gordon Reynolds (S). 7.00 Archduke Rudolph of Austria (S). 7.30 Proms 81 (S). 8.20 Six Continents. 8.40 Proms 81 (S). 9.45 A Visit (short story). 10.05 One Pair of Ears. 10.20 Songs by Strauss and Peter Lange-Muller (S). 11.05 News. 11.05- Country Dances (S) Beethoven on record.

VHF Only—Open University: 5.55-6.55 am and 11.15pm-12.35 am.

RADIO 4

6.00 am News. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today 6.45 Prayer for the Day. 7.00, 8.00 News. 7.30, 8.30 News Headlines 7.45 Thought for the Day 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Mavis Nicholson. 10.00 News. 10.02 Gardeners' Question Time: Somerset. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News 12.02 pm You and Yours. 12.27 It Makes Me Laugh. 12.55 Weather, Programme News. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre "Laddie Time" by Glenn Chandler (S). 3.50 Through My Window. 4.00 A Lucky Woman: Lynn Farleigh as Alys Pearsall Smith and Edward Petherbridge as Bertrand Russell 4.45 Story Time: King Solomon's Mines. 5.00 News PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News including Financial Report. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A Royal Marriage: Edward VII and Alexandra (S). 8.30 Itzhak Perlman (S). 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 The Lord of the Rings (S). 11.00 A Book at Bedtime: "The Rain Forest" 11.15 Financial World Tonight. 11.30 Today in Parliament. 12.00 News: Weather Report: Forecast. 12.15 am Shipping Forecast; Inshore Waters Forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 Total Music Show. 2.30 Tony Blackburn. 5.00 Evening News. 5.15 Music on the Move. 6.33 Name of the Game: Skating. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time: House of Commons, 11.00 Join Radio 2.

London Broadcasting

6.00 am Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 Peter Deeley—LBC Reports. 2.00 pm Barry Jordan—LBC Reports. 4.00 Max Miller—LBC Reports. 7.00 London Life —Keith Howell. 9.00 Mike Dickin's Nightline, financial advice. 12.00 LBC Reports. 1.00 am Night Extra—Steve Allen. 4.00 Network. 5.00 Morning Music.

Capital Radio

4.00 am Richard Allinson Early Show. 7.00 Mike Smith Breakfast Show. 10.00 Sarah Ward 12.30 pm Nicky Horne. 1.00 First Report. 1.10 Nicky Horne. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young. 10.30 John Sachs Late Show. 12.00 Midnight Special. 12.03 am Capital Nightcap.

F.T. CROSSWORD PUZZLE No. 4,626

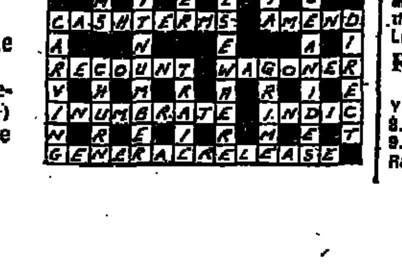
ACROSS

1 To take place maybe in the North (6)
4 Raise your voice about the measure, but pay up (5, 3)
10 The course to the Cape may make you chicken (7)
11 To receive a hint—you're in for a blow (3, 4)
12 A figure well known to cricketers (4)
13 Parliamentary policies suggest shortage of phones (5, 5)
15 There's a reformed girl (6)
16 Classic races we hear in shackles (7)
20 You'll find Sherlock's brother in my small farm (7)
21 A specimen for a politician in a Cheshire town (6)
24 In scenes it reveals pertinacity (10)
26 We see one who may succeed in the Irish problem (4)
28 For the conservative it is difficult to disappear (7)
29 "And with necessity, the tyrant's plea, —— his devilish deeds" (Milton) (7)
30 The fruit of invasion (8)
31 The man who put his shirt on a horse? Quite the reverse (6)

DOWN

1 Sacred greeting to the Benedict (8)
2 A long time in the storeroom—what a spectacle! (9)
3 Archer got up in annoyance (4)
5 Not the four o'clock refreshments (4, 4)
6 Not much to put up with in a Constellation (6, 4)
7 Hunter goes on about the South American city (5)
8 Man's ultimate—a household chore (2, 4)
9 Not quite recorded but ready to draw up on (2, 3)
14 Pansy quiets the emotions (6-4)
17 Trains Fleet Street in costs (9)
18 There's some object in a proposal to a wrongdoer (8)
19 Male partners in the isles (8)
22 "The price of —— is above rubies" (Job) (6)
23 Wages from a skinflint (5)
25 A brief period of fascination (5)
27 You'll find me following the current perfection (4)

Solution to Puzzle No 4,625



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. New Season opens Aug 8 with Tristan and Isolde, also Merry Widow, Orfeo, The Seraglio. Now Booking.

THEATRES

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PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Evgs. 7.30. Mats. Wed. and Sat. 3.00. Group bookings (01-379 6061). Better selection of seats available Mon.-Thur.

... Theatre St Martin's Court Charing Cross Road London WC2. 01-240 2150. Group sales 01-405 0075 or 01-379 6061. LATECOMERS WILL NOT BE ADMITTED WHILST AUDITORIUM IS IN MOTION. Prompt arrival is therefore requested. BARS OPEN 1 HOUR PRIOR TO PERFORMANCE.

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STRAND. 01-836 2660. 836 4143. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davis. Group Sales Office 01-379 6061.

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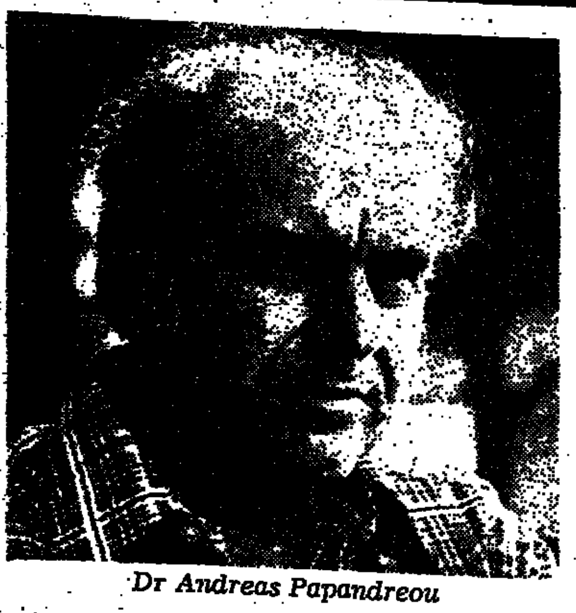
FINANCIAL TIMES SURVEY

Wednesday July 22 1981



Dr Andreas Papandreou

Greece

Six months after joining the EEC, Greece is preparing for a crucial general election. The Government of Mr. Rallis, a moderate conservative, is campaigning with a pro-Western platform. Many Greeks are calling for change and Mr. Rallis faces a tough challenge from Dr. Papandreou's socialists. These have become less fiery than before but still offer a radical alternative to a people long ruled by the Right.

Mr George Rallis

Scene of struggle once again

By David Tonge

YET AGAIN Greece is a scene of struggle. Elections are due this autumn and the dusty summer heat sees the parties on the campaign trail. All of them are wearing the uniform of change, for the Greeks are restless.

Since the Colonels' fall in 1974 the New Democracy Party has ruled the country. The party took Greece into the EEC this year and has given the country stability. The bruised and weary society which emerged from under the junta's boots has gained some colour in its cheeks. But now, many Greeks feel not just a seven-year itch but the need for a fresh departure.

In various forms the forces of conservatism have ruled modern Greece through most of its history and through all but 20 months of the past 45 years. Soon, probably in October or early-November, elections will present these forces with a challenge which has already set alarm bells ringing for the more conservative members of the Western alliance.

Since 1821, when the Greeks began to shake off the Ottoman yoke, Greece has been riven by the battle between traditionalists and modernisers. This century, this battle took the form of a struggle between monarchists and republicans which was to reach its nadir in the misery of the civil wars of the 1940s.

The traditionalists won, but by the mid-1960s found their often-brutal hold on power threatened. The Colonels marched in to hold the ring for seven years. Now a further seven years has passed and Greek society has moved on.

It is inevitable that Greece's accession to the EEC should cause many people to analyse it by Western European standards. They are right to do so to the extent that many Greeks aspire to share the life and values of West Europe. But they are wrong if they expect the fit to *be close. It is a commonplace* that Greece is Balkan and Mediterranean as well as European. But the importance of that is not geographical but historical.

Last century the major countries of Western Europe went through their industrial revolution and built up their colonial empires. Last century Greece *was a virtual fief of the Great* Powers. It was only 100 years ago that it began to displace the Ottomans from what is now the northern half of its territory. To expect Greece merely to "catch up" with Europe is a mistake. It has to follow its own course to keep its identity.

In some areas that identity is faltering. Visitors to the more successful tourist islands such as Corfu, Paros or Rhodes will find street cafes have given way to self-service breakfast shops and that the modern Zorba may be a graduate running a wind-surfing school. In *other areas too the identity* is changing. The countryside where one-quarter of the Greeks work is altered. In the place of sullen smallholders, frightened of the trader and intimidated by the police, are outspoken farmers prepared to block the main roads with their tractors in protest at Government policies on apricots or water-melons.

The provincial capitals are sharing a prosperity the country has never before known but in the Athens area—where one-third of the country's 9.7m people live—the problems of growth are clear. The rundown village of Byron's day has given way to what its mayor calls "a city without a face." Row upon row of apartment blocks vie with the traffic jams for air. On the many windless days of summer a noxious cloud hangs over the noisy streets.

Growing concern at the quality of life is matched by increasing criticism of the country's rudimentary social services, stifling bureaucracy, *government - dominated union* confederation, and traditional legal structure. The hold of the Church remains strong. A divorce reform could only be introduced for six months. Civil marriage is not allowed. Laws to introduce equality of the sexes remain unvoted.

It is the stability which the country has known under the present government which allows people time to criticise such policies instead of having to look over their shoulders at what the armed forces will do next. Very few Greeks believe there is any danger of a fresh coup, partly because both the government and the opposition Panhellenic Socialist Movement, Pasok, are careful to avoid offending them.

These factors, combined with *a widespread sense that it is* time for a change, form one of the main problems facing the present government. A second is the state of the economy. Like other countries, Greece has been hit by rising oil prices and the rise in the dollar. It has kept some growth in the economy and unemployment remains low by West European standards, probably around 4 per cent. But inflation, around 25 per cent, is high and investments have long been in a slump and scarce funds spent on an arms race with Turkey. There have been numerous strikes!

Industry is often critical of the "socialmania" of Mr Constantine Karamanlis, first *Prime Minister* and now President. It is also uncertain about its future in the EEC and what the opposition's programme of "socialisation" augurs.

But industry has long performed badly in Greece. In 1979, manufacturing exports per head were around 1/25th of the EEC average. The *country runs a trade deficit* equivalent to around one-sixth of GNP. It is able to afford this because of its role as a service economy, financed by tourism, shipping and emigrants' remittances.

Accession to the EEC has gone smoothly. The Greeks have won acclaim in Brussels for the way they have handled matters there. There are still some matters they have to sort out at home such as legislation discriminating against foreigners in land ownership and mining.

They also have to reduce the discrepancy between taxation on ouzo, the local aniseed drink, and foreign spirits. But Brussels has shown some sensitivity to the fact that this is a pre-election period. "When a Minister tells you that raising ouzo prices would cost him the election, what can you reply?" one EEC official comments.

As for Mr George Rallis, the Prime Minister, he says his anxieties about possible problems in the first few months have been laid to rest. Indeed he is now making his pro-Western policies one of the planks of his election campaign.

Mr Rallis may lack the charisma of Mr Karamanlis, *whom he followed as Prime Minister 14 months ago.* But he is a man of his word and has a gruff, crisp frankness which impresses all those who come into contact with him.

He was the choice of those in his party who saw him as personifying change and as a potential Harold Macmillan. In practice he has run a low-key administration which has ensured a moderate political climate but has disappointed some of his supporters. Hedgehogs may have been protected, but problems such as hospital or banking reform remain to be tackled as does a bill for women's equality.

In an interview, Mr Rallis pointed out the problems he had had to face, such as accession to the EEC, reintegration into Nato, negotiations over the U.S. bases, and inflation. He also stressed the duty he had to ensure the unity of a parliamentary party nearly half of which had voted against him. His rival last year was Mr Evangelos Averoff, the country's able Defence Minister, who has the support of many traditionalists in the party, and only agreed this June to heal the split when he became Deputy Prime Minister.

Mr Rallis warned that nothing new should be expected before the elections which he would like to see around November; under the constitution they may be held as late as December. But even his more conservative ministers are talking of the changes they plan after the elections. One problem for the New Democracy is that it needs to corral back the 7 per cent of the voters who voted for an outspokenly right-wing party in *the 1977 elections. But it also* has to deal with what its supporters describe as "the fluidity" of the Greeks and the widespread sense that fresh faces would be welcome.

Further, in its seven years in power it has inevitably disappointed various sectional interests. Furthermore, those who might be discouraged from experimenting with the socialist Pasok, led by Dr Andreas Papandreou, can reassure themselves that even if he becomes Prime Minister, Mr Karamanlis is still there as President.

Dr Papandreou has been stomping the country and filling the newspapers with the radical programme he offers. Seven years ago he described Pasok as a movement for national and social liberation. Today he promises to "socialise" the main industries, a process of dividing management and ownership between local and national government and representatives of groups such as workers.

The proposal disturbs industry but Mr Papandreou said in an interview that in this field his first priorities would be to use socialisation to make the existing public corporations more efficient and to *tackle the problem of over-*debted and near-bankrupt industry.

He is also well aware of the problems that he, or any government, will face when it takes over after a year of high budget deficits and with the need to raise around $2bn on foreign loans next year and more if private capital inflows *dry up*.

His party, which he controls tightly, has been contacting experts and officials to ensure that it has the skills it needs if it should win. It also has been wooing a number of groups such as shipowners.

CONTINUED ON PAGE TWO

GREEK ELECTION RESULTS, 1977

	Percentage of vote	Parliamentary seats
National Camp (right-wing)	6.82	5
New Democracy	41.85	172
Neo-Liberal†	1.08	2
Union of Democratic Centre	11.95	15
Pasok	25.33	93
Communist Party of Greece	9.36	11
Alliance of Progressive and Left-Wing Forces	2.72	2
Others	0.89	—

†Its deputies have since joined New Democracy.

CONTENTS

Pro-West view vies with independent line

FOREIGN POLICY

DAVID TONGE

TWO MAIN visions of Greece's place in the world are on offer these days. The first is the pro-Western line of the Government with its affirmation of Western values and appeal to most Greeks' sense of being Europeans. The second is the more independent line of the opposition, the view that 60 years of Western alliance have given the country dictatorships like that of the Colonels and led to catastrophes such as the Turkish invasion of Cyprus.

Interviewed recently, both sides used somewhat apocalyptic language. The opposition's policy would mean "a change in our way of life, our social system" and be "an enormous calamity," Mr George Rallis, the Prime Minister, said in his wood-panelled office in the centre of Athens. From the relative cool of his pine-ringed house, Dr Andreas Papandreou countered that calamity has already happened, arguing the Greeks connect Nato and the U.S. with the upsets in Greek political life and the "aggressivity" of the Turks.

In the last century, Greek parties were so closely identified with the Great Powers that they were popularly named after them. Today too, foreign policy is more central to the political process than in Greece's EEC partners. In the countryside the visitor will find that Cretan goatherds are quick to discuss U.S. Middle Eastern policy or mountain cherry growers to blame the poor prices they receive on some U.S. economic plot for Greece.

To an extent, the Government's decision to stress foreign policy in the election campaign is thus making a virtue of necessity. But it is deeply committed to the view that Greece does not merely belong to the West, but "is the West," according to Mr Constantine Mitsotakis the Minister of Foreign Affairs. It remains enthusiastic about Greece having become a member of the EEC. It is pleased to have reintegrated Greece into the military wing of Nato. It would like to have been able to complete negotiations on the future status of the important U.S. bases in the country: these were suspended until after the elections in June. It supports a continuing dialogue with Turkey.

"After 1974, our policy was not clear and was not defended," says Mr Mitsotakis. But he insists it has changed and charges Dr Papandreou with a lack of clarity. Mr Rallis says the people should not have to use a lexicon to translate the oppositions policies.

Certainly as Dr Papandreou has come closer to having a chance of obtaining power, so his positions have become more shaded. On the EEC he talks less of withdrawal than of working within the Community to improve Greece's terms. He is particularly concerned at the need to keep some control over capital movements and imports and warns: "All the large countries have violated the Treaty of Rome. That should not only be their privilege. We may have to take measures which come into conflict with the Treaty and the agreement on Greece's accession."

On relations with the U.S. he takes a far tougher line than the Government. He calls for "progressing towards" removal of nuclear weapons from Greece.

May 1979: Mr Constantine Karamanlis, then Prime Minister, now President, signs the Athens Treaty of Accession to the EEC. On the left is Mr George Rallis, then Foreign Minister, now Prime Minister. Seated on the right is Mr Georgios Kontogeorgis, then Minister for EEC Affairs, now EEC Commissioner for Fisheries, Transport and Tourism

He expresses opposition to the presence of U.S. bases in Greece and says the first step towards their expulsion should be their "isolation" from the rest of the country. He insists that the "basic, strategic direction of Pasok is withdrawal from Nato." He also takes a strongly nationalist line on relations with Turkey.

All this explains why many Nato members look on askance at the possibility of a Pasok victory. Yet the indications are that Dr Papandreou realises that his immediate room for manoeuvre is relatively limited. It is now around one year since he began to smooth his stand on the U.S., explaining the U.S. had less ability to project its power than before. He has recently amplified his positions on Nato by saying that Pasok would bear in mind both the arms requirements of the Greek armed forces—80 per cent of its equipment is from the U.S.—and developments in the international balance of forces. His latest "wrinkle," announced 10 days ago, is to set withdrawal from Nato in the context of the "dissolution of both cold-war blocs." In the interview he indicated his willingness to start some form of contact with Turkey.

Behind the rhetoric, the basic differences between the two parties are in how to interpret the past and how to make Greece's weight felt in the future. The Government insists that this can be done by working with its Western allies. The opposition stresses Greece's opportunities of relying on its own forces. But both agree with each other and differ from Greece's allies in seeing Greece's "threat from the east" as being from Turkey not the Warsaw Pact.

The effect of this autumn's elections has already begun to be felt. It caused the Government to suspend negotiations with the U.S. on the future status of the important American bases in Greece; the Government did not want to have to recall parliament just before the elections to ratify the planned treaty. The elections also mean that no major developments are expected in foreign policy.

The one area of Greek concern where some movement might be seen is Cyprus. The Government is hoping that on August 5 the Turkish Cypriots, despite some recent tough statements, will table concrete proposals on how much of the island they wish to keep. That is the date when the two communities on the island are due to discuss territorial arrangements. The Greeks insist that Cyprus is an issue for the two communities to settle and not for Greece and Turkey. But they also say that the quality of proposals by the Turks will influence bilateral relations.

Here, Dr Papandreou takes a firm line insisting that Cyprus is not a communal problem but one like that of Palestine where outsiders have occupied other people's land. He insists that, at the minimum, Cyprus has to be stressed in all international forums.

On the Aegean no early progress is expected. The arrival of the junta in Ankara last September raised hopes that it might be able to settle some of the many bilateral issues between the two putative allies. A good start was made when the Generals dropped Turkish objections to Greece's re-integration into Nato. Next, some advance was made in resolving a number of the air traffic problems in the Aegean.

But all this came to an abrupt end on April 8 when Turkish planes made 11 sorties into Greek airspace, not only infringing the 10-mile air limit (which Turkey does not recognise) and the six-mile limit (which it does accept) but also overflying the island of Chios, the Greeks claim. This was followed by the Turks, responding to public indignation at the murder of their diplomats by Armenians, protested at the attendance of a deputy from Greece's ruling New Democracy Party at an Armenian meeting in Athens.

Most recently, the Greeks have slightly irritated Ankara by saying they will accept refugees fleeing from the Generals and allow them to leave for another country; before this a major row had developed in Athens after discovery that the gendarmerie had returned three if not four Turkish refugees to the junta.

The result has been that initial hopes of being able to announce an agreement on civilian and military air traffic in the Aegean at the Nato meeting in Rome in May had to be shelved. Equally, there has been no progress whatsoever on agreeing on delimitation of the Aegean continental shelf. One Greek diplomat warns that the seabed is, "like Atlantis, a sleeping volcano."

The Turks have slightly modified their position, replacing outright opposition to referring the dispute to arbitration by exploring the idea that the two sides should first agree on equal areas of the Aegean to be held by them and then submit the rest for adjudication. The Greeks argue this is no advance since they already have undisputed rights over large areas of the Aegean.

Mr Rallis is clear: "The differences between Greece and Turkey cannot be settled if the Turks do not accept to submit the continental shelf difference to international arbitration. I do not see another way of solving the problem. This is the only impartial approach."

Both sides are now waiting the outcome of the UN conference on the Law of the Sea. What makes the dispute crucial is not the issue of oil, but the way the Greeks fear isolation of their outlying islands and the concern the Turks have that the Greeks may try to use the islands to limit their exits to international waters.

On all these issues the tough line of Dr Papandreou disturbs the Turks just as his stance on U.S. bases causes trepidation in Washington. Yet in many ways his positions on these are two sides of the same coin. Indeed what Dr Papandreou's message underlines is the urgency for the West of helping the two countries to resolve their problems.

The Greeks are not convinced that the Balkans are still the powder keg of Europe. But they believe the Yugoslavs and Bulgarians could have trouble over the Macedonians just as Yugoslav-Albanian relations are tense following the Kosovo incidents.

Model new boy concentrates on issues close to home

THE EEC

JOHN WYLES

SINCE joining the European Community on January 1, Greece's behaviour has been classically that of a new member anxious to learn the arcane and complicated rules of a well-established club.

At Council of Ministers meetings the Greek representatives have said nothing when they had nothing to say. They have explained the Greek case when the issue directly touched the national interest and pursued that interest with a steely determination whenever there has been an opportunity of financial advantage.

Greece, in other words, has been a model new boy. "It is rather surprising how easily things have gone," comments one member of the European Commission. "They are playing themselves in very sensibly," said one ambassador of the Community approvingly.

Six months is too short a time upon which to base a reasonable judgment. But the fact that the pace of Community decision-making—already nothing to worry a snail—has not been further retarded by the enlargement is a matter of relief and reassurance. Particularly because there was one moment last December at an Agricultural Ministers Council when a 105-minute speech by Mr Athanasios Kanellopoulos, the Greek Farm Minister, seemed an awful shape of things to come. Just three weeks before accession, Mr Kanelloupoulos's wordy defence of Greek farm subsidies sent alarm bells ringing around Brussels both as to Greek negotiating tactics and its narrow interpretation of the treaty of accession.

Since then, however, all has been rather quiet. But Greek diplomacy has nevertheless been judged rather effective. The reason is twofold—the Greeks are clearly concentrating on issues of direct interest to them such as agriculture and related issues and payments from the EEC's regional and social funds. And Greece's pursuit of its aims in these areas has been given surprisingly efficient administrative back-up.

This view is not as patronising as it may seem. The Greeks themselves were worried whether their bureaucracy could measure up to the burden of Community membership which puts a premium on internal co-ordination and prompt decision-making.

In a real sense the awareness in Athens of the limitations of its bureaucracy has forced Greece to define its priorities and concentrate resources where they are needed. Thus Greece appears to have more specialists in agriculture at its permanent representation in Brussels than any other member state.

Similarly the officials who fly into Brussels for specialist working group meetings on the regional fund have impressed colleagues by their mastery of the dossier and the quality of their contributions. But the other side of the coin is that Greek representation at working groups which Athens judges of only distant relevance to its immediate interests is thin or non-existent.

On the agricultural front the emergence of a Greco-Italian coalition is hardly surprising, but politically significant. The two countries have lined up to improve existing regimes for Mediterranean products such as tobacco and fruit and vegetables. In addition, Italy has been conspicuously supporting Greece in its demands for production aids for cotton in negotiations which should come to a climax this month.

More generally, Greek accession has strengthened the political requirement for a comprehensive package of measures to aid the development and restructuring of Mediterranean agriculture.

Discrimination

The Italian Government has complained for years, quite rightly, that the common agricultural policy discriminates in favour of northern farm products. The accession of Greece, to be followed in two or three years by that of Spain and Portugal, makes such a demand for equity very difficult for other member states to ignore. But without any change in the CAP, satisfying the Mediterranean case would be prohibitively expensive. As a result, the Commision promised in its recent document on CAP and budgetary reform to bring forward detailed proposals by the end of next year designed to bring "equivalence and equity" into the treatment of Mediterranean agriculture.

Among other things this would mean aligning Mediterranean farm policies with a much lower level of support for northern products contained in the Commission's CAP reform proposals. If the Commission's reforms are not adopted—or something equally economical—Mediterranean agriculture could remain a major potential drain on budget resources.

Greece's arrival has placed an immediate extra burden on the Community's regional development policies by increasing from 9 to 17 the number of regions with less than half the EEC's per capita gross domestic product. Although Athens has been impressively quick to submit a sufficient number of projects to draw down its full 1981 quota entitlement, it has been disappointed both as to the size of the quota and the number of regions qualifying for EEC aid.

The European Commission proposed a 15 per cent quota for Greece but some other member states were not prepared to accept the reduction in their own quotas which this implied. Consequently the Greek quota was fixed at 13 per cent and until now the Athens region and Salonika have been excluded from the scope of regional development grants despite Greek demands.

Accession has also brought the arrival of 24 Greek MPs to the European Parliament and of Mr George Kontogeorgis as a member of the European Commission. All have experienced fairly obvious settling in problems which in Mr Kontogeorgis' case have not been helped by his being landed with one of the Commission's toughest portfolios, fisheries policy.

This was the solution favoured by the late Finn, Olav Gundelach, to help relieve him of serious overwork but not of overall control of the politically vexed search for a common fisheries policy. Mr Gundelach's sudden death in January left Mr Kontogeorgis in sole control of a sensitive and highly complex portfolio which will face him with a supreme test when EEC ministers resume negotiations in September.

Scene of struggle once again

CONTINUED FROM PAGE ONE

More strikingly, it has been gradually shading its positions, in particular on foreign policy.

It insists its long-term aims remain unchanged, to withdraw from Nato, join the non-aligned movement and expel the U.S. bases and nuclear weapons from Greek soil. But the tactics have become such that this forceful list is largely for an indefinite future and need not lead to any early clash with Greece's present allies. In short, the party faces the classical problems of a radical movement which sees power as an increasing possibility.

Like Mr Rallis, Dr Papandreou is the son of a Prime Minister. But he has a charisma which attracts the crowds. He also has a scarcity value as a result of the way Greek television is largely dominated by shots of government officials. "He has not been allowed to bore us," comments Mrs Eleni Vlahou, the newspaper publisher who used to be a New Democracy deputy. "They give three pleasant minutes of a smiling Andreas followed by 45 minutes of New Democracy. Each time a government minister appears, the opposition gains votes."

The tide has long been flowing slowly Pasok's way, allowing it to narrow the large gap which separated it from New Democracy; in 1977 it won 25 per cent of the vote, compared with its opponents' 42 per cent. The parties which won the odd centre votes have largely melted away. Much could happen before the elections, but certainly last month's congress of the New Democracy and the healing of the party's divisions has helped the Government.

The general expectation is of a close contest, with just the possibility that the well-organised Communist Party of Greece — one of the most orthodox in West Europe — could hold the ring. But much could happen and the prophet should not underestimate two factors. The first is the extent of moonlighting and disguised prosperity, and the stake which many Greeks have in the status quo.

The second is the phenomenon of the Greeks often voting more conservatively than they talk. As Mr Karamanlis once told a friend: "They curse me on Saturday, vote for me on Sunday and on Monday say they will cut off the hand they voted with." But a mood of change is in the air. The question is whether this phenomenon may be about to change with it.

Victor Walker examines the economy as Greeks prepare to go to the polls

Election makes certain risks 'acceptable'

A KEY to understanding the Greek economy in an election year is provided by the continuing saga of the Athens public transport system.

For years the Transport and Communications Ministry has been assuring the Athenians that the last of the rattling jalopies which carry out bus communications will "soon" be placed on the retirement list, some of them after a quarter-century's contribution to air and noise pollution.

An election year is when "soon" can turn abruptly into "now." The bus fleet is being renewed at a fast clip, with replacements fed into the battle in batches of 80 or 100. First beneficiaries are the poorer suburbs where the political advantage may be greater. More importantly, the flat-rate fare of Drs 10 — just under 9p — among the cheaper fares in the world, is not to be increased this year. The tab will be picked up by the Government.

With the exception of electricity, this principle now applies for public utilities generally. The idea that they should be made to pay their way, promoted by the Government right up until the beginning of the election year, has been temporarily abandoned.

Mr Miltiades Evert, the Finance Minister, puts acceptance of an increasing public sector deficit in the context of ensuring a sufficiency of disposable income to avoid a decline in economic activity. He says this is one reason why income tax was reduced for the lower and middle income groups.

Mr Stefanos Manos, the Minister of Industry and Energy, a former biscuit king who is another of the young men in the George Rallis Cabinet, remains more faithful to earlier doctrine. This year, to the anguish of the electorate and some of his colleagues, he pushed through increases in electricity rates to compensate for higher oil prices. Despite the increases the PPC will still lose money.

Next year all public utility rates will have to rise. But next year will be after the elections.

If the governing New Democracy Party is returned to power, it will be in a sounder position to take unpopular decisions. If the Panhellenic Socialist Movement (PASOK) of Mr Andreas Papandreou is the winner, it could find the problems of public sector finance delaying some of its programmes. Predictably, PASOK is already speaking of inheriting "chaos and bankruptcy"

To suggest that a spirit equivalent to buy now, pay later is traditional for any Greek Government as it approaches its examination at the polling stations is not to suggest that the economy is out of control. But it does mean that certain situations and risks are accepted that otherwise might not be.

Record deficit

Firstly, the public-sector deficit is expected to be a record. Figures on past months are unusually late. Mr Evert talks of a possible 1981 deficit of DRs 146bn, around 7 per cent of GNP, but one Coordination Ministry forecast is of DRs 213bn. This is a degree of reflation that Co-ordination Minister Mr Ioannis Paleocrassas agrees could involve new inflationary pressures after a lag of six months—which puts possible corrective measures well after the elections.

Secondly, a foreign borrowing policy is being followed that, in a departure from last year, is unlikely to leave little beyond normal reserves in the Bank of Greece "kitty" by the end of December.

But with all these provisos, the fact remains that the Greek economy is in a better position than some observers in Western embassies had expected at the beginning of the year.

Despite the relaxation of domestic price controls and a steady revaluation of the dollar against the drachma that has added an estimated 30 per cent to the unit cost of Greek imports, inflation is running slightly below the 25 to 26 per cent figure of the last two years.

The hope is to bring it to around 20 per cent by the end of the year.

Unemployment, if rising, is still relatively low. The official unemployment figure of something under 3 per cent certainly underestimates the actual position. Buoyed by the discovery that brief pockets of unemployment created by the closure of three quite major Greek industries a few months ago were quickly absorbed, the Government, in the words of one of its senior members, is no longer "scared stiff" of the political cost of allowing market forces to take their normal course in a free-enterprise system. It is moving away from the idea that non-viable industries should be kept afloat at almost any cost, and is now unlikely to take any dramatic measures to shore them up. Around 100 large companies are reported to face trouble.

The hurdle of EEC accession, though many smaller problems remain, was cleared with impressive ease. The sudden jump in the consumer price index that many had forecast did not materialise, largely because the Government, in the two-year run-up to membership, had accepted the cost in inflation of equalising most domestic food prices with those in the communities.

Mr Rallis admits that there had been anxiety over the first few months, but in the event, he says, "we had fewer difficulties than we thought we would have."

Greece, he says, benefited from the experience gained by Britain, Denmark and Ireland in the first expansion, and had consulted British experts "who drew our attention to difficulties they had faced (so that) we were following a trail blazed by others."

Above estimate

Mr Rallis says its applications to the EEC for support "were accepted easily," to the point that "in some cases they asked us which foreign technicians had elaborated them, to which we replied that they had been drawn up by our own ministries."

It is estimated by the Finance Ministry that the net benefit to Greece from the first year of accession will be in the area of 16bn drachmas, which would be 2bn drachmas more than the initial calculation.

There is still some ground to be covered in bringing Greek law into line with EEC secondary legislation, in part because of translation delays in Brussels. And there are still areas in which rights of nationals of other EEC countries have to be tested in the Greek courts—for example, the right of establishment of the self-employed and a range of non-discrimination issues extending from mining activities to ownership of land in restricted areas.

But the feeling in Athens is that the Commission has accepted that morally it cannot hound the Greeks on every issue until the secondary legislation is readily available in Greek, and that at least until the end of this year it should nudge rather than push.

For the economy, the coming elections will be among the most crucial ever fought in Greece, in view of the shadow raised by Mr Papandreou over the future of Greece's relationship with the EEC and of the domestic free-enterprise system.

On the EEC, Mr Papandreou is softening his stand. He puts less emphasis on a referendum on Greek membership but says he would opt for a selective observation of commitments undertaken through the accession treaty.

Domestically, he promises a rather sweeping "socialisation" of an economy already under state control, to an extent unusual in Western countries, and certainly to an extent which the present Government hopes to reduce.

The effect of this shows up most clearly in the investments sector.

This year legislation was enacted providing for grant aid for approved industrial investment, scaled according to type of industry and area of the country in which it is to be effected. The result has been a flood of applications to the Coordination Ministry that, if all were translated into factories and jobs, would solve many of the country's industrial problems overnight.

Naturally that will not happen. The Co-ordination Ministry says more than half the applications have come from "adventurers having a go." But even the apparently viable ones would involve investment above Drs 80bn over the next two to three years.

This would mark the end of the investment abstinence by the private sector which has tormented the Government since the 1974 restoration of democracy, and which is linked with tax systems, profit expectations and previously unstable incentive legislation.

A rather more likely explanation than either, given the time lag between approval of application and start of construction, is that the flood of proposed investment should perhaps be seen as a promise from industry of what it can and will do once the Government is home and dry.

Some progress in reducing controls has already been made, with a start on liberalisation of the banking and financing systems, a partial dismantling on price controls, and cautious moves towards a reform of the taxation machinery.

Mr Manos describes how he has reduced the flow of requests for permits and licences to his ministry by over one-third by abolishing various requirements. But in general he says the rate of change is that of "a spoon going down in a pot of heavy honey."

Yet, in what was almost an aside at the end of a lengthy interview, Mr Palocrassas remarked: "You know, after the elections we're planning to abolish all foreign exchange controls and then join the European Monetary System."

Years ahead

This would be years ahead of obligations undertaken under the Accession Treaty, and is indicative of the bold changes the Government considers it is now almost in a position to institute—changes that Mr Paleocrassas and others in the Cabinet of like mind believe would enable Greece, given a continuation of political stability and undisturbed progress towards full incorporation into the European family, to play its proper role in the EEC and at the same time develop into a financing centre for the entire Middle East.

Mr Rallis is known to have wanted a faster rate of change, but to have been obstructed to some degree by such considerations as recession, inflation, the fact that he has been Prime Minister for only a year, the pressing nature of foreign policy issues, and the need to ensure party unity.

One Cabinet Member says the tide is turning against "the blocking people" within the Government. He says "the old guard is playing one of its final games."

No-one in Greece is suggesting that the economy is rosy, but there is supporting evidence for Government insistence that the gloom is lightening.

Presenting his annual report at the end of April, the Governor of the Bank of Greece, Mr Xenophon Zolotas, said the growth of GNP in market prices had declined from 3.9 per cent in 1979 and 6.4 per cent in 1978 to 1.6 per cent last year, but offered a forecast that it should recover to around 2 per cent in 1981. A more sanguine analysis offered privately in banking circles puts likely growth at between zero and 1 per cent.

The final outcome will depend on agricultural production, where substantially higher fruit and vegetable crops should offset a small decline in grain output. Agricultural output last year rose by a record 10.2 per cent.

The question in an election year is when recovery may become manifest.

Mr Paleocrassas insists the recession has bottomed out, and the economy "can be expected to begin picking up sometime during the summer." The growth, he says, will come mainly from housing through an expansion of credit both in the form of mortgages and financing of construction companies, from a 30 per cent jump in the public investment programme and from 15.5 per cent increase in non-oil exports in the first five months of the year compared with a year earlier.

Responding

Industrial production, though down 2.6 per cent in the first three months of the year, is now said to be responding to the improving export performance.

Over imports, a 34 per cent increase in the non-oil component in May was certainly unwelcome, but the total non-oil rise over the first five months was still only 2.2 per cent.

The Bank of Greece sees no reason to revise forecasts made at the end of April, of an Imports Bill this year up 12.5 per cent from 1980 to \$12.3bn, exports up 13.6 per cent to \$4.6bn, and a trade deficit widening by 12.3 per cent to \$7.65bn.

Assuming that increased inflow from merchant shipping will more than compensate for a likely drop in emigrant remittances and a possibly disappointing tourist season, the bank is forecasting a 12.1 per cent improvement in the net balance of invisibles to \$5.15bn, leaving a current account deficit of \$2.5bn, against a 1980 deficit of \$2.2bn.

To this, about \$700m should be added to cover principal repayments, making a financing requirement in the area of \$3.2bn. Half of this is expected to be covered by autonomous capital inflows, and the remaining \$1.6bn from foreign borrowing and inflows already arranged. Official reserves should remain at something over the billion dollar level.

These reserves, however, include gold carried on the books at \$42 an ounce. Revaluing the gold component—something the Bank of Greece has no intention of doing—would add about \$1.5bn to the reserves total. This is seen as further reason for Greece's good credit standing in the international financial community.

In the longer term, as Deputy Chairman of the Credit Bank, Mr Ioannis Enepekidis, suggested in a recent article published in Athens, that the question still remains how long a country can hope to be able to continue to cover its growing balance of payments deficit by foreign borrowing, especially since—to put it mildly—the *prospects for containment of such deficits in the foreseeable* future appear uncertain."

Another unsolved problem is the public sector deficit, said by professor Zolotas in his annual report, to have risen from 6.3 per cent of nominal GNP in 1979 to 8.9 per cent last year.

The need to finance the public-sector deficit is one main factor blocking liberalisation of bank interest rates at this stage, because of the strain that would be placed on the budget by direct recourse to the capital market under prevailing terms of borrowing.

Mr Paleocrassas says it is intended to transfer government financing to the capital market as soon as possible but "with elections so close, the approach has to be step-by-step."

The same, he says, applies to dealing with the parallel "moonlighting" economy, which he has estimated could represent an additional 25 or 30 per cent of GNP. The best way to tackle it, he says, is through liberalisation of the economy and improvements to the tax system. The Government has moved in both directions, but not so far as it intends to go if it wins *the elections.*

BALANCE OF PAYMENTS
($m)

	1980	1981†
Imports	10,903	12,300
Exports	4,094	4,650
Trade balance	−6,809	−7,650
Invisibles (net)	4,593	5.150
of which: Tourism receipts	1,754	1,900
Shipping receipts	1,816	2,200
Workers' remittances	1,083	1,100
Current account	−2,217	−2,500
Capital account	2,453	2,528
of which: private	1,657	1,520
public	796	1,008

Source: Bank of Greece

† Forecast made at the end of April and described this month by officials as still largely valid. Figures have been rounded, causing some small discrepancies in totals.

BASIC STATISTICS

Area	51,422 sq miles	Trade (1979)	
Population	9.7m	Exports	174.1bn Drachma
GNP (1979)	1,474bn Drachma	Imports	349.5bn Drachma
Per capita	156,200 Drachma	Trade with UK (1980)	
Inflation (1980)	24.9%	Exports to UK	£142.6m
Unemployment rate		Imports from UK	£224.6m
Official	2.4%	£=113.228 Drachma	
Estimated	4%	\$=59.65 Drachma	

Alexandros Athanassiades, Industrialist

MR ALEXANDROS ATHANASSIADES has long been one of the most outspoken Greek industrialists. As head of the mining department of the influential Bodosakis Group set *up by his late uncle, Bodesaki* Athanassiades, he has been directly affected by post-junta changes in the mining law. Instead of owning the mines they work, companies now can only have concessions. It is such moves which cause him to accuse Mr Constantine Karamanlis, now President of Greece, of "socialmania."

Mr Athanassiades has metal and chemical engineering degrees from Athens and Yale and is honorary president of the Greek Mine Owners' Association. He will happily tell questioners how the Greeks do their prospecting for precious metals by searching the texts of the Ancients. Less happily, he will describe how he has been spending three years trying to obtain the permissions necessary to develop a marble quarry.

The Bodosakis group and associated companies produce 62 per cent of Greek fertilisers. They also make nickel, wine, glass, acids and flugene.

Mr Athanassiades's present passion is the oldest company in the group, the 89-year-old Greek Powder and Cartridge Company. This supplied ammunition to the British in 1940 and now is exporting munitions to countries as diverse as Argentina, Belgium, Libya and Thailand.

He rejects the description sometimes heard that he is Greece's Gianni Agnelli, pointing out that he owns no shares in the group. But should any government try to nationalise the Bodosakis Foundation, a major charity, its founder's will stipulates that it would instantly return to the ownership of Mr Athanassiades and his relatives.

D.T.

Reform gains a partial victory

The National Bank of Greece in Athens

BANKING

DAVID TONGE

GREECE'S PRESENT financial structure has few friends left. One by one those who used to defend it have abandoned the cause and begun to accept that change must come. The main dispute is over when.

At issue is the future of a remarkable monument to the past, a banking system tied hand and foot by official decree. Almost all interest rates, around 100 of them, are fixed by fiat. The type of loans banks may make and the division of bank lending is laid down. The Government influences the whole mechanism of investment decision in Greece. It also, by establishing high reserve requirements, determines the cost of its own borrowing. Yet the system is now reaching something of a dead end.

Opposite

Designed to encourage the development of industry it is having the opposite effect. Since credit to traders is restricted, companies use loans to finance their customers rather than for investment.

Even the system of government finance is increasingly questioned. The banks have to place 7 per cent of their deposits at the Central Bank, 37 per cent in Treasury bills and 1 per cent in the bills of state bodies such as OTE, the telecommunications corporation. This is criticised by men such as Mr Mihailis Vranopoulos, the forceful young governor of the Ionic and Popular Bank, as building inflation into the system: the rates the Government pays for its finance are lower than the amount it would have to pay in the market.

A year-long tussle within the cabinet and behind the closed doors of the country's powerful Currency Committee has led to an unpublicised partial victory for the reformists. Men like Mr Ioannis Paleocrassas, the Minister of Co-ordination, and Mr Stefanos Manos, the Minister of Industry, have been able to persuade their more conservative colleagues that change must come. A sign of the times is that Mr Miltiades Evert, the young but traditionalist Minister of Finance, has joined those who argue Greece should switch from quality to quantity controls: "We must change," he says though he also argues that the banking community will need reassurance.

Mr Paleocrassas is quick to describe some of the steps taken in the direction of liberalisation:

- Commerce is being allowed better access to finance
- Banks are now allowed to fix, between a range of 16 and 20 per cent, the rates they give to large depositors
- The basis for a government money market is being laid by allowing banks to negotiate with state bodies on buying their paper.

"We want government financing to be arranged as soon as possible in the market so that it will gradually begin to pay market costs," he says. At present the Government is paying 13-14 per cent compared with average bank lending rates of around 17 per cent and inflation at nearly 25 per cent.

The factors delaying change have included reluctance to change the situation at a time of inflation and recession; allowing normal consumer credit or encouraging bank mortgages are feared to add to inflationary pressure. The Government has also been reluctant to increase its borrowing costs when it is already running a large borrowing requirement.

"A pre-requisite for change is that the economy is not in a pre-electoral period, and surrounded by recession and rapid foreign exchange movements," warns Mr Efthymios Christodoulou, the powerful governor of the National Bank of Greece, the bank which controls 60 per cent of domestic bank deposits. He advocates a step-by-step approach, insisting that the present system has developed a viability of its own and is not about to collapse. But men like Mr Evert insist that interest rates will be liberalised within two years, with all this means for industrial and government finance.

Indeed, in the Government the mood for change is such that Mr Paleocrassas says that shortly after the elections he plans to abolish foreign exchange controls and take Greece into the European Monetary System.

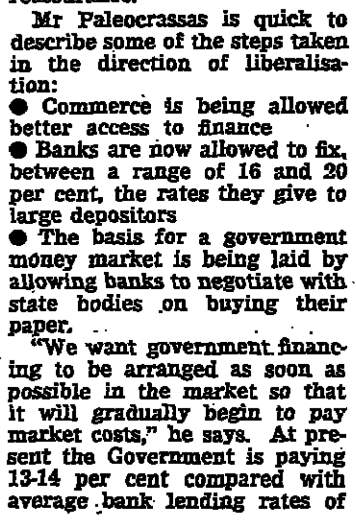
Sceptical

A number of bankers are sceptical about whether all this will happen. "We have been hearing talk of change for too long to believe these belated good intentions," one comments. But nonetheless, the government has been pushed by the implications of accession to the EEC. the last year has seen some stirring of the Leviathan. In the foreign exchange field the first steps were taken to free the captive drachma and a limited interbank money market has been set up.

For the opposition, Dr Papandreou is also disturbed at the structure of Greek banking. His own views tend towards imposing a tighter control on the banking system so that it does not frustrate government policy. He objects to the way that the large banks, though owned largely by state-controlled bodies, seem to act independently of the Government. But he too insists on the need for restructuring, particularly in the system of government finance.

Mr Vranopoulos insists that freeing interest rates is only part of the change necessary and on the need for allowing banks to choose their customers on the grounds of normal banking criteria. As he puts it: "When the Greeks are allowed freedom they do well. It is only when we protect them that they become uncompetitive."

Efthimios Christodoulou, banker



MR EFTHIMIOS CHRISTODOULOU, Governor of the National Bank of Greece, represents one dilemma which Pasok would face if it came to power—what to do with its opponents' political appointees who have begun to prove their worth.

It is only two years since Mr Christodoulou took over as head of the commercial bank which accounts for around 55 per cent of Greek banking activity. In this time he has made a reputation for toughness for following a line of some independence from the Government and for radically improving the bank's training programmes.

He is now at the centre of the debate about the role the bank should play in financing industry. Should it go on financing its traditional customers or should it carry on Mr Christodoulou's policies of insisting that the bank is not an employment insurance body?

The bank's policies towards industry have led to it gaining control over a large number of companies. It has often been thanked for the role it played. "Without the National Bank, there would be no industry" wrote one leading industrialist about the past before describing the bank's present policies as "sabotage." But Mr Christodoulou is clear. If the Government wants the bank to put aside banking criteria then it should be prepared to underwrite what the bank does.

Born in 1932 and with a degree from Columbia University, Mr Christodoulou is an outspoken figure who sees his role as to carry on modernising the bank: one week ago a computer system to analyse branch and customer profitability started operation. He has spent 18 years dealing with industrial finance and had a short spell as president of Olympic Airways. Now his main problem is to convince the government which appointed him that his bank—and industry—will be more efficient if politics can be left to one side.

But that is an innovation which neither the Government nor the opposition seem totally to welcome.

D.T.

Searching for oil proves a costly affair

ENERGY

VICTOR WALKER

FOREIGN OIL companies are being coy about paying for the costly privilege of searching for oil in Greek waters.

Earlier this year 52 companies declared interest in six concession areas placed on offer by the Greek Government, mainly offshore in the Ionian Sea. The Industry and Energy Ministry drew up a short list of 18, including British Petroleum Development and Burmah Oil Exploration. Along with 10 U.S. companies but only one of the 18—AGIP of Italy—finally put in a bid. It was awarded the concession area it had selected in the region of the Ionion Island of Paxi. It has to spend around $50m in the next few years.

Tendering is to be repeated for the other areas, with a strong probability that bids will be invited for another five or six areas to be designated soon.

The setback coincides with a general pause in Greece's energy development. The state-controlled Public Power Corporation (PPC) is re-thinking its 10-year programme for electricity production and until the review has been completed no tendering will be carried out for coal-fired power units. The project to go nuclear by the end of the decade is in a frozen state, in part because of the shaking administered to Greek land and confidence by unusually severe and widespread earthquakes this year.

There is no progress over agreements for the purchase of natural gas from the Soviet Union or Algeria. Yet Greece needs first to restore and sustain a development rate sufficient to enable it to narrow the gap separating it from its wealthier EEC partners. Its energy consumption per head, is less than half the EEC average.

Imported oil is expected to cost Greece $3.6bn, equivalent to 75 per cent of the total value of commodity exports. But during the 1970s, it took a 7.8 per cent annual increase in energy consumption to sustain an average 5.1 per cent GNP growth. The target for the 1980s is an optimistic average annual GNP growth of 4.5 per cent. If present energy patterns remained unchanged this would involve a doubling of energy requirements to around 31m tons of oil equivalent in the final year of the decade.

Taking these calculations one step further, Mr Stefanos Manos, the Minister of Industry and Energy, told businessmen recently that even if the oil component of the energy mix could be brought down from the present figure of something over 65 per cent to less than half, in 1990 Greece would have to secure and pay for about 16m tons of crude.

To restructure energy production and move further away from oil, apart from the substitutions planned by the PPC in the electricity sector, would involve expenditures described as far beyond Greece's ability.

Bigger scale

The only real answer is to become an oil producer on a considerably larger scale than that represented by quantities so far identified in the North Aegean Prinos Field—9m tons to be recovered over 15 years starting earlier this month, with a peak flow of 1.2m tons a year, according to the state-owned Public Petroleum Corporation (DEP).

This year, Greece is planning to import 11m tons of oil—10m tons for consumption and 1m tons to ensure compliance with the 90-day stock requirement.

Thus Prinos, the only oil yet found in Greece, offers little more than a basis for hope that something rather better may be awaiting discovery elsewhere.

The Government denies that abandonment of prospecting in the Aegean is the result of a gentleman's agreement with Ankara that neither Greece nor Turkey should "fish for oil in troubled waters" pending settlement of their dispute over the Aegean Continental Shelf—the most intractable of several Greek-Turkish disagreements.

But no prospecting is being carried out in the Aegean, none is thought to be scheduled, and the North Aegean Petroleum Company (NAPC)—which is exploiting the Prinos Deposit under an agreement with the Greek State—has been told that its plans to extend prospecting to that part of its concession area lying on the Turkish side of Thassos must await the issue of a permit by the Greek navy.

The official explanation for Aegean inactivity is that the Ionian and waters off Crete are considered more promising. It was in those that most of the concession areas offered this year were located.

Regardless of whether the old hopes for the Aegean should properly be abandoned, the decision to invite the tenders can only be regarded as a return to reality by the Industry and Energy Ministry after six years in which DEP had been the recipient of Government hope, faith and charity.

From the collapse of the Greek dictatorship in 1974 until last year, policy was to entrust the entire search to DEP — apart from data, about all it came up with were a few whiffs of gas.

Self-reliance was abandoned after it was concluded that even an expenditure target of 2 per cent of the annual oil bill — $70m in 1981 — though far in excess of past financing rates, would only support a research programme taking half a century to complete.

To reduce this to a more acceptable 10 years it was decided to return to the concession route that had led to discovery of the Prinos Field.

Mr Manos describes opposition protests at the involvement of foreign companies as "nonsense," but agrees that the policy the Government is being attacked for abandoning was in fact Government policy for six years. "We changed our minds," he says.

The failure of this year's approach to the international oil companies is attributed to lack of data and of an escape clause. Companies were asked to undertake expenditures of $25m in the first two years of an agreement and, if reasonable hopes were raised, to put in another $25m over the next two years.

All but AGIP found the data supplied by DEP, though the best it had, insufficient to justify commitments of that nature. AGIP is presumed to have been satisfied because of its greater experience of prospecting in the seas between Greece and Italy.

Under the revised rules, oil companies joining in the next round of tendering will be allowed six months for prospecting, sufficient to let them decide whether to go ahead with the first $25m in the form of deep drilling. If results from the first six months are negative, they will be able to walk away, passing to DEP the findings on which their decision is based.

Oil prospecting is just about the only area of the energy sector in which specific decisions are at present being taken. The Public Power Corporation is re-examining its 10-year plan with the aim of reducing the oil component of electricity production from [illegible]0 per cent to about [illegible]2 per cent by 1990, mainly through substitution of domestic lignite and hydro resources.

Incentives

Industry will be encouraged, possibly by incentives, to switch to other sources of power, principally coal. Eracles General Cement's 4.5m ton per year plant at Volos is already preparing to switch from oil to coal.

When Greece, at the beginning of the year, turned down a British package that would have included the sale of two 350mw coal-fired power units and a National Coal Board guarantee for the supply of between 1.2m and 1.5m tons of coal annually, it was understood that international tenders would be invited instead. The project has been caught up in the general review and, Mr Manos says, they will have to see where it fits in.

A contract with the U.S. consultancy firm of Ebasco over a plan to have a first 900mw nuclear electricity unit in operation by 1990, has also been temporarily delayed. A two-year delay is foreseen.

"It came to a standstill for lack of some basic information of a seismological nature," Mr Manos says. "We shall do some work on our own, and then Ebasco will come back."

The February tremors that shook the Athens area, previously considered immune from earthquakes, reinforced the anti-nuclear lobby in Greece. but Mr Manos denies the Government is backing away from a commitment to nuclear electricity.

"If you are prepared to pay for your energy at twice the cost, then, of course, there are other solutions, but I do not think of them as viable alternatives," he says.

Common Market membership came at a difficult time

INDUSTRY

VICTOR WALKER

FOR INDUSTRY more than any other sector of the Greek economy, accession to the EEC last January came at a peculiarly difficult moment.

When the industrialists accepted the sink or swim challenge thrown at them by then premier and now president of the republic, Mr Constantine Karamanlis, at the start of the Accession negotiations, they believed it was a question only of gearing themselves to face life without protective barriers a few years earlier than the 1984 date envisaged in the old Greek-EEC Association Agreement.

They could not know that Accession would coincide with a recession nor precede by only a few months a general election presenting what is widely viewed in industry as the greatest threat ever to the free-enterprise system in Greece.

If the Panhellenic Socialist Movement (PASOK) of Dr Andreas Papandreou wins the autumn general election, and then applies its stated programme, it will "socialise" the credit system, insurance companies, telecommunications and mass transportation means, energy, public utility corporations, the major import and export trade, major mining concerns, shipyards, steelworks, chemical fertiliser units, the arms industry, pharmaceutical industries and cement factories.

In an interview Dr Papandreou said that such moves would come after dealing with the financing problems of many troubled Greek firms and "socialisation" of the state bodies such as the telephone company. In his book, socialisation means sharing ownership and management between the state and local government and representatives of the workers and other groups.

Industrialists tend to react scathingly towards attempts to distinguish between "socialisation" and outright nationalisation. Regardless of what "socialisation" finally turns out to mean. Especially in sectors such as telecommunications and public utilities that are already state-controlled, they believe it can only make an already difficult situation in industry as a whole still worse.

As it is some large companies such as Piraiki-Patrailei, the large textile group, have weathered accession to the EEC. The steel makers like Halyvoureiki share their European counterparts' complaints. A few firms are continuing to invest; Heracles General Cement hopes to complete a new 1.5m ton per year plant and a coal terminal next year. But at least 100 companies, many of them major, face serious trouble.

The positive reaction of industry to the latest package of investment incentives enacted this year, in the form of a flood of applications for grant aid for proposed investments, should therefore be viewed with caution. It is considered unlikely that very many of the proposals would be implemented in the event of a Government defeat. Even if the Government of Premier George Rallis is returned to power, there is likely to be a further time lag while industrialists wait for clear evidence of intentions to amend what is described as a "severely abnormal relationship" between industry and state in Greece.

The basic problem of Greek industry is that it has traditionally been small-scale, inward-looking, and dependent in large part on protection in a domestic market that is inevitably limited in a country with a population of nine millon. It is also underfinanced and made excessively dependent on bank loans by the embryonic nature of the capital market in Greece.

Industry Ministry figures put the number of industries in Greece at about 2,600 and of handicraft-artisan units at 120,000. Though together they employ a quarter of the total labour force, about 90 per cent of all enterprises have fewer than 10 workers.

Industrialists offer a "horrible statistic" in this context: 55 per cent of the Greek labour force is self-employed, against an EEC average of 18 per cent.

While the share of industrial products in tital Greek exports to the EEC rose from 1.8 per cent in 1962 to 61 per cent in 1979, when the EEC took almost half of all Greek industrial exports, a Federation of Greek Industries survey shows almost half of the industrial exports accounted for by just eight companies.

The inescapable conclusion from statistics like these is that a large part of Greek industry is unlikely to survive without major restructuring to secure economies of scale, the introduction of latest technology and better management.

It is at this point that the condition of industrialists' morale becomes a vital factor. At the moment it is said by one top manager to be "very low" at the end of six years of virtual abstinance from investment blamed on an erratic fiscal structure, five major revampings of investment incentive legislation in five years, a permanent confrontation situation with unions, and what is regarded as inadequate Government support both for mergers and for relocation of units.

Relocation is a subject worth examining in some detail, as an area of special discrepancy between Government intentions and results achieved.

This year's investment incentives introduced the long-awaited non-returnable grant system applied elsewhere in the EEC with the larger grants offered for selected investment in the more remote provinces. Three aims are served: development of the poorer regions, maximum utilisation of available financing from the European Regional Fund, and decongestion of the overcrowded Athens area.

Drift

Athens has been formally closed to new industry, with even modernisation, expansion or mergers contingent on there being no worsening of pollution and only a maximum 20 per cent increase in the number of jobs provided. The work force of a company resulting from a merger, for example, must not be more than 20 per cent higher than the combined total of the component industries. Assistance under the incentive legislation is available only for tightly circumscribed projects relating to energy conservation, introduction of modern technology or pollution control.

On the one hand, the declining quality of life in Athens—as a result of pollution, congestion and the other misfortunes stemming from over-concentration of population has halted—and may even have begun to reverse a drift from the provinces and islands that lifted the population of the Athens-Piraeus area from 1.85m to 3.01m between the 1961 census and that of 1981. Industries moving out need no longer face a labour force problem provided they can take at least some of their skilled employees with them.

The assistance towards relocation expenses available for firms and their workers is described as insufficient to encourage either to move.

The Federation of Greek Industries, though supporting decentralisation, is unhappy over the idea of a "full stop" in a region where at present 60 per cent of Greek industry is located. It is viewed as tantamount to decreeing a progressive disintegration of the country's principal industrial base ending in a reduction of its industrial potential. So the present incentives are seen as no more than a step in the right direction, and certainly insufficient to foster a substantial movement.

Similar objections are heard in relation to merger procedures, and in particular to a tax regime for merged companies so complex that three different Ministers offer three different interpretations of it, each conflicting in some degree with one in a recent bank study.

Industrialists such as Mr Alexander Athanassiades, Director of the Mining Department of the Hellenic Chemical Products and Fertilisers Company, say frankly that they do not understand the system. The Government concedes that there is need for improvement.

Finance Minister Mr Miltiades Evert, told a recent Athens Foreign Press Association lunch that the merger and relocation incentives were "the boldest and most systematic effort ever made by a Greek Government promote economic development in the country's less advanced regions." He said in an interview that he was "in favour not only of mergers between Greek companies but also of mergers of Greek companies."

The drawbacks of success

VOLOS

DAVID TONGE

HALF-WAY up the Aegean coast of Greece lies the hybiscus-lined port town of Volos. It is both a success story and a cautionary tale.

Its success lies in the way it has become an axis for Greece's links with the Middle East as well as a centre for industry: it houses the largest cement plant in Europe and the Americas as well as a factory hoping to export Datsun cars to the Eastern bloc.

The cautionary tale is to be found in the battles the Voliots have had to give to retain the character of one of Greece's most striking provincial capitals and to persuade Athens to respond to their complaints.

Fine views

The visitor is very quickly shown where Jason had built the Argonaut and set off across the calm of the Pegasitic Gulf to find the Golden Fleece. But the tone of Greece's fourth largest town is set less by its Homeric past than by the towering presence of the Pelion massif. The lower slopes of this are strewn with pomegranates, flowers, figs and fruit. Higher up are Alpine style villages nestling among the trees with no need of the tape-recorded nightingale to be heard in one square. Over its haunch lies some of the finest views of Greece and on its skyline the odd monastery vies with ski slopes, a Nato early warning station and a telephone microwave relay.

The history of Mt Pelion is as strewn with struggle as the history of Greece. In heroic times it saw the Giants vainly try to use its 1,651 metre peak as a stepping stone to the Gods. It was then the refuge of the Centaurs from the Satyrs as, later, it was to be that of the Greeks from the Turks. Now its approaches are the scene of that familiar modern tussle, between town and industry.

"I want the mountain but the cement plant is eating it away and coming into the city," complains Mr Mihailis Kountouris, the Mayor of Volos. He fears that the Heracles General Cement plant with its 4.5m ton per year capacity will chew through the foothill hiding it from the city. He says that, because of the dust it causes, it should never have been built so close to Volos and must be moved within 20 years. He warns that he will be asking Dr Andreas Papandreou, the leader of Pasok, when the party will live up to its campaign promises to "socialise" the cement industry.

Plant officials have tried to explain that it will stop short of the ridge between it and Volos. It insists on the efforts it makes to cut dust output and talks of what it does for the economy of the area. "Around 10 per cent of Volos earns its money from us," says Mr Constantinos Amanantidis, manager at the plant. This has been trying to improve its relations with the 100,000 inhabitants of the town, spending Drs 10m on children's playgrounds. But lines of communications are poor.

The plant, which is preparing to switch from oil to coal, is a world leader in the mixing techniques which allow cement manufacturers to reduce the fuel required per ton of cement. Its efficiency helped Heracles to earn $111m from exports last year. This year, as in three of the past four years, it expects to be Europe's largest cement exporter.

The tussle between Heracles and the city is because of the siting of the cement works. The mayor is also at odds with some other industries in the areas set aside as industrial zones. Here, however, the issue is the amount companies should pay for the services they receive. "We are not against industry," the mayor insists, and certainly most major companies say they have no regrets for having plumped for Volos.

Mr Evripidis Evlogimenos, the 32-year-old manager of the Teocar plant in the industrial zone producing Datsun vehicles, says that four factors had caused the choice of Volos:

- That it was a large provincial city with a tradition of industrial employment.
- That it had good port and road connections and was also on the railway.
- That the site had been levelled (by Peugeot who once planned an investment in Volos) and has full facilities.
- That it gained the company the investment incentives provided to companies investing outside Athens.

The Teocar plant represents a £12m investment. Monthly production is around 600 Datsun Pickup 1600s, one-ton pickups, and 400 Datsun Cherrys, 1000cc or 1200cc cars. At present, 80 per cent of the parts are imported, but the company is building up local content. It is building a seat factory and plans a radiator plant. "It is better

Mr Evripidis Evlogimenos, manager, on the production line of the Datsun plant in Volos

for us to do it ourselves than rely on the higher cost and lower quality of the family workshop," says Mr Evlogimenos.

The plant started operations in February last year and is one of the sources of the Japanese cars which account for 60 per cent of new car registrations in Greece. It is now thinking of export. It does not exclude EEC countries but has set its sights on Africa and Eastern Europe, hoping that Greece's trade deficit with Comecon will allow it to overcome Comecon's general hostility to Japanese cars. As for its own operations it says it sees no reason why it should not consider assembling other cars.

Volos is one of the nine cities chosen to form development poles to help spread out industry from the capital. Today its 120 main plants show many of the problems afflicting Greek industry as a whole. "From the economic side, like everywhere, times are bad," says Mr Kyriakos Vanezis, secretary general of the local industrialists' association. His family has been in the textile business since 1883, two years after the Turks lost Volos and the Plain of Thessaly as a result of the Treaty of Berlin. Yet despite the problems he says Volos is as good a site for business as ever.

Uncongested

Its port, with its regular ferry lines to Syria, handled around 6m tons of cargo, treble the amount of 10 years earlier. The shallow draft—around 11.5 metres—is a limitation but the port facilities are large and relatively uncongested.

Besides being the outlet of the rich Thessaly Plain, Volos was also a tobacco centre, with the old wooden houses gradually falling to ruin in its centre reflecting the passing of this trade. Its industrial history goes back to the railway workshops of the last century.

It had the first labour centre in Greece, though the present problems of this—it still has the head who ran it during the junta period—reflect the way many large left-wing unions remain excluded from the official union movement.

It supports three newspapers. The mayors of Volos and its poor quarter, Nea Ionia, were both exiled to prison camps by the Colonels. Mr Koundovris has the support of Pasok and the communists. Mr Dimitrios Vlahakis of Nea Ionia was the communist candidate.

Both men are outspoken about the way Athens governments have always neglected the provinces and the social needs of towns such as Volos. It is only now that a proper sewage system is being introduced—with World Bank help. Roads to the outskirts of town are inadequate. Rubbish dumps, slaughter houses and housing areas have become mingled. The town has no municipal library, theatre or cultural centre. It has only one 240-bed hospital for the 161,000 inhabitants of the local province of Magnesia—though there are 730 beds in 14 private clinics.

Mr Koundouris has made a reputation for fighting Athens over such matters, while the Communists are underlining the slow and partial way the ruling New Democracy is tackling the problems of those made homeless by the earthquakes which struck Greece this spring. Mr Kyriakos Sotiris, the young local general secretary of the party, also complains of police persecution, low wage levels and the rising level of unemployment.

The visitor strolling the splendid waterfront of the town, seeing the shops filled with outboard engines and windsurfing equipment, and mingling with the French, Scandinavian and Yugoslav tourists on their way to the Sporades may pick up little of the anger such problems cause. Nor is it evident among the wheat-growers of the plains who generally praise the Government for taking Greece into the EEC.

But in the outskirts of the town, as among the fruit-growers of the mountain, a different mood is apparent. "In Magnesia the train of power is on the rails of change," wrote Rizospastis, the Communist paper, this month. It is probably right, but how far these rails go remains to be seen. In the 1977 elections Pasok and the Communist Party of Greece could only win one parliamentary seat in Magnesia each. The ruling New Democracy won four.

Ready to face the new crisis

SHIPPING

VICTOR WALKER

GREECE'S shipowners can afford their equanimity. They form the one sector of the country's industry that shows little nervousness over the downturn in world trade, and none at all over the outcome of the autumn elections in Greece. They look to gain and not lose from Greece's EEC accession.

With the confidence fostered by their survival record last time around, they are sailing into a new crisis—already full-blown in the oil sector and worsening in dry cargo—that they expect to survive without major casualties, on the assumption that it will be relatively short-lived and that the banks will show their customary understanding over loans.

They believe themselves in a better position now than in 1973. The present recession has not caught them at a moment of massive over-ordering of tonnage, that last time added a supply to a demand problem in the form of new vessels pouring out of the shipyards while prospects of finding work even for the existing fleet were fading steadily.

The Greek-owned merchant fleet numbers about 4,400 ships of just over 50m tons, of which close on 4,000 ships of around 40m tons fly the Greek flag.

Based on returns from 4,369 Greek-owned ships in a census taken last year, the fleet employed just under 92,000 officers and ratings of whom 60,000 — including almost all the officers—were Greek and 32,000 were lower-deck alien seamen.

Officially, shipping last year contributing $1.8m to Greece's invisible inflows, against $1.7m from tourism and $1.1m from emigrants' remittances. Given a Bank of Greece accounting system that took more adequate note of the origin of such inflows as those entered on the books as deposits by Greeks abroad and capital for industrial and tourism investment or purchase of real estate—and which placed income generated by cruise shipping in the marine instead of tourism column—the actual contribution would probably have been as much as a billion dollars higher.

A further calculation of shore jobs in Greece directly or indirectly dependent on shipping, concludes that one Greek family in every 10 derives at least part of its income from the activities of the country's shipowners.

With their bases secure, shipowners can afford to concentrate their attention on the worsening situation in world trade and the defence of free competition.

Downturn

They had been anticipating for some time that the downturn in the growth of world trade would eventually affect shipping too. Last year the market had been sustained by grain, and there was a possibility that it would again move upwards in August with the new grain crop. The effect of the latest grain deals with the Soviet Union could not yet be computed.

Greek shipowners were confident that they could "get through a single year's crisis without too much of a problem since the banks would have to wait for good operators in the conviction that the market would eventually turn."

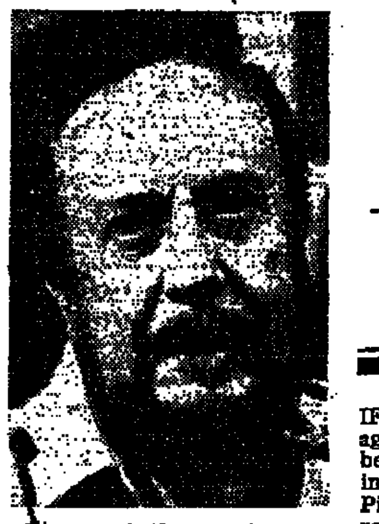
Unlike 1973, there is now only a demand problem. "We are already seeing in certain countries a Government determination to re-stimulate demand. The oil producers certainly have no reason not to, and there are still some developing countries in a sufficiently healthy position. So one day, at least for dry cargo, the demand will go up again," said the Union.

This was true also in the case of tanker tonnage. "Here you have to calculate how much tonnage has to be scrapped — and scrapped tonnage involves real losses. So we must be very grateful that we Greeks are strong in dry cargo."

As regards the EEC, shipowners observe that with Greece's accession, the enlarged community now controls more than one third of total global cargo capacity, making it the most important maritime bloc and maritime pressure group.

For the Greek fleet, the main advantage is that Greece has joined the Community in time to give it full participation in the formulation of an eventual EEC shipping policy.

Yannis Ritsos, poet



"YANNIS RITSOS is the greatest poet in the world" wrote Louis Aragon four years ago, and many Greeks would agree. The poets Seferis and Elytis have both been honoured with their Nobel prizes, but it is the precise bearded figure of Ritsos who draws the applause of the young Greeks who go to the concerts and left-wing rallies of today.

He has had 86 books of his works published in Greek, 20 in English and has been translated into 48 languages. He has won state prizes in countries as different as Greece and the Soviet Union. He has 40 more books ready for publication and works with a vitality which belies his 72 years.

Born to a landowning family in the castle town of Monemvasia, he saw his father lose his money and his mind, his mother and brother die of tuberculosis and himself have to go to a sanatorium for this.

He found his refuge in poetry and left-wing ideals. His poems such as Romiosini chronicle the hope and suffering of the Left in the turmoil and civil wars of the 1930s and 1940s.

Yet all the years of island exile have done nothing to diminish the faith in the future which he projects to those who meet him. Ten years ago those who slipped by the police in Karlovassi on Samos would find him in his wife's home writing through the night.

Today he is as productive as ever, his eyes as piercing. He retains an Athens apartment which overlooks the site of the house where he was usually arrested, and is a staunch supporter of the Communist Party of Greece. But he is also a man who insists that dogma must be kept out of art if art is to live.

D.T.

EEC helps speed change in provinces

AGRICULTURE

VICTOR WALKER

IF YOU want to find an aggressive, go-ahead, Greek, the best place to look is no longer in shipping offices along the Piraeus waterfront, in the board rooms of industry, or even among Athenian taxi-drivers.

Go to the villages of Greece, lowland or mountain, where the farmers have awakened to their opportunities and broken free from traditions going back generations.

This change has been occurring in the past decade. Accession to the EEC has reinforced the process. It has led to an increase in agricultural prices, particularly for crops such as cereals where the EEC has a system strongly benefiting farmers. It has led to major credits being allocated to the provinces. It has also led to increased exports.

The general change in the countryside is not yet fully appreciated by city dwellers, who see only its details in the form of frequent price demonstrations, protest marches and roads barricaded by tractorcades of farmers complaining at the problems of such things as selling water melons.

Only 20 years ago village life was synonymous with poverty. An extreme example is of a family in the 1950s that relied on autumn showers to put their six-year-old daughter into primary school. The rain meant better pickings for the chickens, which might then lay a few more eggs, which could be exchanged at the village store for a school pinafore, a slate and chalk, which enabled little Tassoula to learn to read and write.

It was not simply that Greece as a whole was poor, but that poverty linked with traditional conservatism and a gnawing fear of utter destitution put the small producer in thrall to the wholesaler, whose decision to buy could depend on the deference and gratitude with which his derisory price was accepted.

The farmer is now moving, with Government encouragement, to eliminate the middleman, already, he has cut him down to human stature.

This new mood, underlying the growth of collectivism and strengthened by the prospects deriving from Greece's EEC accession, is the key to the picture presented this year in the Greek countryside.

A recent survey by the EEC Commission showed that 61 per cent of Greeks were in favour of continued EEC membership. None the less the issue remains a matter of party politics, though this is not true of the other main issues of agriculture—consolidation of land holdings, crop restructuring, mechanisation and the processing and marketing of production in Greece and abroad. Both the governing New Democratic Party and Mr Andreas Papandreou's Panhellenic Socialist Movement, though differing over details, are in favour of promoting development through the co-operative system.

While statistics conflict, there is no doubt that farm holdings in Greece are still too small.

According to 1979 figures, 3.6m hectares of agricultural land in Greece is divided into about 1m farms, each subdivided into between five and seven holdings. The agricultural work force is put at 1.75m 28 per cent of the Greek total, with more than half having farming as a secondary occupation.

The fragmentation of holdings is attributed to Greek inheritance law and the dowry system, and clearly operates against modernisation and mechanisation of production.

Agricultural Bank Governor, Professor Adamantios Pepelassis, an American-trained agronomist and principal Government adviser on agricultural affairs, describes fragmentation as "probably the most serious structural problem faced by Greek agriculture." The question, he says, is directly connected with Greece's ability to absorb EEC funding in the agricultural sector.

This used to offer cause for anxiety, and would still do so if it were not for what Professor Pepelassis describes as the new Greek farmer. Those in the age group from 20 to 35, he says, would scarcely be recognised by their fathers: they are "aggressive, adaptable and plastic, aware of money and after profit," and above all unfettered by tradition.

Ahead

"When I was deputy governor of this bank, back in 1966, you had to press hard for every small idea, every little adaptation. Now the young farmers are running ahead of the Government on agricultural policy, not prepared to wait. They know the score. For me, this is the crucial point. It's why I'm not much worried about Greek agriculture in the future —I know they'll make it."

The patterns that are changing go far beyond simple organisation of production and marketing, says Professor Pepelassis.

"Time was, say in the middle of the 1970s, when most profits from agriculture would be converted into apartments in the nearest town of any size or in Athens or Salonica. But not any more. A study we made shows most of the profits from agriculture are either being ploughed back, mainly for extension of activities and modernisation, or used to support higher consumption.

The Agricultural Bank has this year set aside $96bn for loans, only 8 per cent more than last year despite inflation at over 20 per cent. Some Athens bankers suspect that at least part of these loans are being taken because of the low interest then deposited in term accounts in the commercial banks carrying interest 10 points or more higher

While Professor Pepelassis doubts that inter-bank contraband is being carried out on a significant scale, he agrees that it could be happening in isolated cases. It would, after all, be only another example of the new awareness.

The problem of the middleman has been highlighted over the past year by the progressive liberalisation of price controls. It is now suspected after noisy protests from farmers, that the wholesaler drew more benefit than the actual producer.

The problem is being tackled through the co-operative system, with a view to creating a marketing channel to the urban consumers directed by the producers themselves.

There are about 7,000 cooperatives at the village level. While mainly engaged in distributing agricultural supplies to their members, and short-term loans from the agricultural bank, some have also set up small-scale agro-industries and packaging operations.

Ten regional marketing companies are being set up on a co-operative basis, while unions of cooperatives are opening their own supermarkets in the urban centres. These sell not just fresh and processed agricultural produce but the normal supermarket range of groceries.

Next step will be cooperative supermarkets in Athens itself.

The cooperatives will also increase the services offered to their members, in the areas of management, accounting, marketing and data and machinery. They will play an increasingly important part in the formulation of agricultural policy at a national level and in representing the interests of Greek farmers in counterpart EEC organisations.

It's a long way, in a short time, from waiting for the chickens to lay little Tassoula's education.

Athens anxious about the Yugoslav corridor

COMMUNICATIONS

VICTOR WALKER

THE REVISED MAP of the European Communities issued in Brussels to take account of Greece's Accession last January assigns a different colour to each of the member states. Greece, fittingly, is olive green: West Germany is bright yellow. Between the two is a long slab of white, mostly Yugoslavia with a bit of Austria at the top, representing a passage of a thousand kilometres.

For Greece's export products carried overland to the EEC by train or lorry, the route is rather more tortuous. It is a 24-hour train journey to Belgrade, while the trip by road is not one that most car-drivers would care to attempt without an overnight stop in Skopje, Nis or Belgrade. Lorry-drivers, subject to more formal regulations than those imposed by common sense alone, will spend two or three nights on the route, depending on their starting point in Greece.

To complete the picture, the most difficult and dangerous sections of the journey, through narrow gorges carved by the rivers Vardar and Morava, all lie south of Nis. From Nis onwards, it is relatively easy along roads that are still narrow in some places but are steadily being converted into a motorway system.

This explains the anxiety in Athens over Yugoslav intentions on road and rail communications. It is not only a matter of Greece's own export trade but also of the movement through Greece of transit freight from the EEC to countries of the East Mediterranean and North Africa. The Government's concept of Greece as a bridge between the rest of the EEC and the Arab World would be in jeopardy if a road network on which Greece has spent millions of pounds continued to funnel into the equivalent of a country lane from the Greek-Yugoslav border to Nis while, at the same time, easier alternative routes were available to Yugoslav Adriatic ports or Romanian and Bulgarian outlets on the Black Sea.

For this reason Greece is prepared to urge on its EEC partners that any aid given to Yugoslavia to improve that country's communications, and in particular its road network, should depend on use to prevent the diverting to the Yugoslav Adriatic coast of a trade flow that would otherwise come to Greece.

It will also continue to press for a free corridor for its own commerce through Yugoslavia.

One focus of Greek unease is Yugoslav limitations on the number of Greek trucks passing through that country in transit each year, and the size of the tolls.

Co-operation

Full Yugoslav co-operation is also required for two major international projects that could change the whole picture of communications in Greece.

The more immediate is the Trans - European Motorway (TEM) scheme for a road network from the Baltic to a number of Mediterranean outlets, including the Adriatic coast of Yugoslavia and Greece via Southern Yugoslavia.

To meet TEM standards along the whole of Greece's National Route No. 1 from Athens to Thessaloniki and on to the Yugoslav border, will not present much of a problem. Apart from widening and realignment along a difficult stretch through the Vale of Tempe, near Mount Olympus in East Central Greece, little has to be done beyond replacing road signs. But planners question the value of the Greek section if it funnels into a bottleneck.

An even more ambitious project is for a navigable waterway from the Aegean to Belgrade, using the Axios-Vardar-Morava rivers—the Vardar in Yugoslavia becomes the Axios on its course through Greece to the Aegean—and slotting at Belgrade into the Danube-Rhine system. On completion, this would permit barge traffic to move across Europe from Rotterdam to a Europort at the mouth of the Axios close to Salonika.

A pre-feasibility study has been carried out on catchment areas by UN agencies, and the next step will be a feasibility study.

Greece's domestic communications policy foresees three main axes of transport:

- From the Turkish border through Salonika to Igoumenitsa on the Adriatic.
- From Central Greece, in the Lamia/Larisa area, through Epirus to the West Coast.
- From Athens to Kalamata via Corinth and Patras, linked to the West coast network to Igoumenitsa by a bridge over the Gulf of Patras from Rhion to Antirhion—the bridge could become the first major Greek communications project entrusted to foreign constructors on the basis of self-financing and eventual recovery of costs from tolls.

Modernisation

It is hoped to secure some EEC financing for port improvements, once a national ports plan has been completed.

Rail communications between Athens and the Yugoslav border are to be improved, by double-tracking, electrification and modernisation of signalling systems. First stage of the project, at an estimated cost of $30bn would reduce travel time from Athens to Salonika from nine hours to five-and-a-half. Second stage, comprising the difficult stretches through the Vale of Tempe and the Brellos Mountains near Thermopylae, would add an estimated $70bn to the cost, and cut travel time to four hours. Electrification would be completed in three stages, from the Yugoslav border to Salonika, then to Larisa, and finally to Athens.

Main project in the air communications sector is the new Athens International Airport at Spata, in the plain of Messoghion between the Greek capital and Marathon. Earth moving has already begun, and the airport should come into service during the second half of the decade. Meanwhile, a new freight terminal is nearing completion at the present Athens Airport, to facilitate Olympic Airways plans to expand air cargo services. Air services between Athens and the Aegean and the Ionian Islands are also set for improvement.

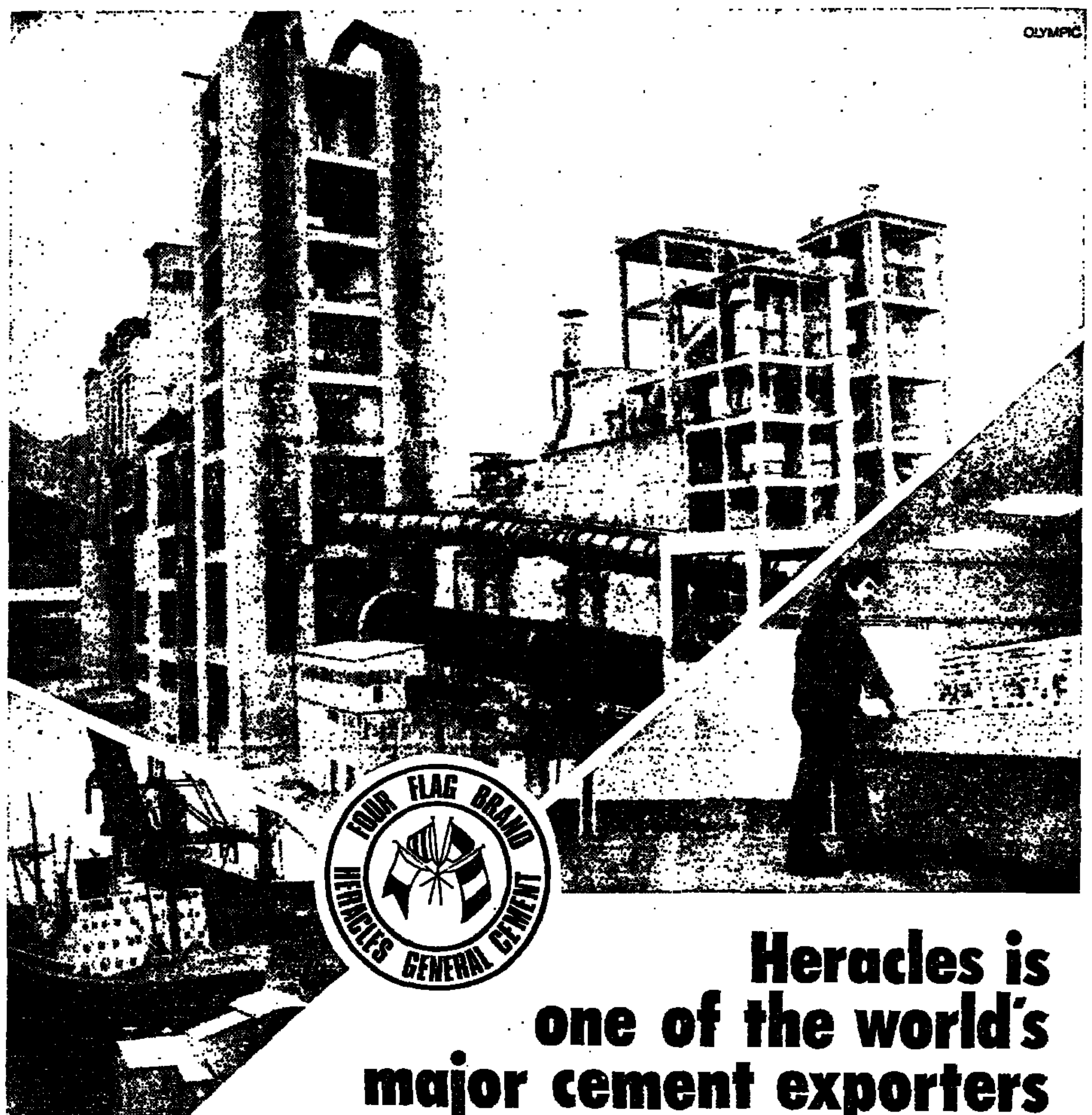
Inside Athens, a somewhat ostentatious start befitting an election year has been made on trial drillings for a Metro that has already been in the planning stage for well over two decades and that only the incorrigibly optimistic among the younger generation expect to live long enough to travel on. Plans have also been unveiled this election year for a similar Metro in Salonika.

Meanwhile, an Italian study for for the Greek Government, says Greece should concentrate on expanding and upgrading facilities at Piraeus, especially for containerised traffic, while developments at other ports should be directed at serving particular regional, cargo or tourism requirements.

The study pinpoints 14 ports for some development, but recommends major work only in Piraeus. Greece, it says, would be unwise to count on a rapid and sustained increase in sea transit or transhipment trade, or to pour out money on major projects for the handling of massive trade flows that are unlikely to materialise.

CONTRIBUTORS

David Tonge, who worked as a journalist in Athens from 1969 until 1977, is the Financial Times's Diplomatic Correspondent. Victor Walker is the paper's Athens Correspondent and John Wyles is Common Market Correspondent based in Brussels



THE ARTS

elevision

Second Opinions by CHRIS DUNKLEY

The time has come for some -dating and re-assessment. ter Episode 1 of Thames's *rry I'm A Stranger Here yself* I remarked on the verbal umour and wondered whether could last. It could. Like its w predecessors of true quality, *ist Of The Summer Wine* and *n't Forget to Write* for stance, it has triumphed under rector/producer Anthony arker by prancing along a ties of knife edges without mbling off on either side or tting itself to bits with its everness—though there have en some close shaves.

Precious few situation medies would have dared to e the line "Here you are ric Partridge" (who died in 79 having been the last of gland's great lone lexico-aphers, author of *A ictionary of Slang*) to company the handing over of crossword from Henry, the iddle class fugitive, to Alex, e green haired punk who has uatted in Henry's house. Of urse, if all the gags were of ich specialised appeal one ould dismiss the series as a *ordsmith's indulgence*, but ey have not been.

Almost the next line, elivered with great sarcasm, as "A most accomplished lady - does she write for Little and arge at all?" which is far om being a coterie joke yet, like the usual "insider" digs , say, Des O'Connor, runs no anger of pots and kettles since avid Firth and Peter Tilbury ho write *Sorry* clearly have orked much harder than usual shaping and polishing their ripts.

Other memorable lines from st week's episode include enry's reading of a letter from lex: "'*Dear Henry*'—*ah, he* ses H's when he writes . . ." nd "Oh my god, that be-urbaned eccentric from the hop will be here in a moment . . with a party of Sepoys in w. Ah well, at least I'm talk-g to myself again."

All of which helps to indicate for anyone unlucky enough to have missed the series so far that it contains some stock caricatures: Asian shopkeeper, glottal stop punk and so on. All except one, however, are saved from cliché by the originality of the writing and, underlying it, something which feels suspiciously like tolerance for the variety of the human species if not downright affection. The one cliché is Tom, the neighbourhood union activist.

It is a pity that Sybil, the unseen wife whose life is governed entirely by the television schedules, a hugely promising comedy character, has not featured more, but by adding Henry to Uncle Mort, Robin Bailey has snatched the crown from Arthur Lowe's head and proved himself king of British television comedy. The lugubrious voice may be god-given but the delivery, the pace and the style are his own great skills.

Another comedy, *Big Jim And The Figaro Club*, is a BBC series building on a one-off half hour film about the antics of the lads in a rural council building department just after the war, especially the outwitting of the odious little overseer. The glory of the original was that it ended (as I recall) with the men using a full scale operational ballista mounted on a council lorry to lob sacks of cement powder at the roof of the house where the overseer was in bed with one of the men's wives. It was bizarre and very funny, but there was an edge of anger which was important.

Though the new episodes gain as did the original from being shot on film, in pretty countryside moreover, they lack all but the barest trace of anger, and seem in danger of becoming over sentimental. You have to be extraordinarily sure of yourself to get away with a passage such as "Love? Now that was a word we never used because we could always count on it being there, fresh as paint and clear as the dew," and I am not convinced that writer Ted Walker or producer Colin Rose have established their right to such sureness.

Furthermore the first episode with the men building a giant rocking horse on a dumper truck looked awfully like repetition of the *ballista* incident, and if the overseer is always outwitted tedium will take over. Still, only five episodes have been announced, and the rocking horse film did have a lyric quality driving powerfully through from start to finish which disarmed all criticism at the time.

BBC2's *Theatre Quiz*, which got the thumbs-down here after its first appearance, made progress through its nine weeks. Once Alfred Marks had sat down and accepted that he was now a questionmaster and no longer a player it improved enormously. I would be quite disappointed now if it did not come back. Theatre provides television with much less exploitable quiz material than do cinema, books or music, but the harder producers Peter Butler and Rosemary Wilton worked at digging up good archive films, stills and props the better it became. Surprisingly this quiz, like so many others, has to learn that not all those working within its chosen subject are equally knowledgeable or amusing about their own business.

Goodbye Darling had me guessing and writhing from beginning to end. A series of far fetched romances, it was pitched smack between the Cornish clifftop stories of the cheap weekly women's magazines and the "respectable" pre-feminist type of women's fiction featured by the glossier monthly journals. The puzzle was to know whether producer William Slater and especially writer James Mitchell were working with their tongues firmly in the cheeks assuming we would notice the fact, or with their tongues firmly in their cheeks assuming we wouldn't notice, or—and this scarcely bears thinking about—whether they really were doing their level best.

The eighth and final episode last week was a real snorter with poor Megs Jenkins hilariously mis-cast as a hard bitten rock star's agent calling everyone "Seetykins" and the rest of the cast required to deliver lines such as "No, please, I—I'm not really promiscuous" with straight faces. Though they obscure the fact behind Roman numerals on the copyright line the BBC have kept the series on the shelf for a couple of years so they clearly think it is merely what it seems. I still like to think it was a send up.

The most difficult of all this season's programmes to write about honestly is *Maybury*, the series set in and around the psychiatric ward of a general hospital. After the opening episode I said that it clearly had a crusading purpose which made it deeply suspect as a drama series but that it would stand or fall on the quality of its drama. Now I am not so sure.

It seems to have pulled off the peculiar trick of succeeding, perhaps, even triumphing, as propaganda without entirely falling as drama. It has certainly not been great fiction: the marriage guidance episode, for instance, might just as well have used a couple of cushions as an actor and an actress for the husband and wife since the writing didn't even attempt verisimilitude in the characterisation. Yet the content was the most explicit and level headed I have seen since the banned ITV series *Sex In Our Time* and it will no doubt have been a huge relief to a lot of people to have seen the subject discussed as "drama" on screen.

Judged as drama the best episodes were the two dealing with Maisie, the local nutter familiar to all of us (unwashed, talking loudly to nobody in public, house full of animals, wild paintings and so on) whose compassion, insight, and sensitivity raise all the Laing-ian questions about which of us is really mad.

Contrary to the fashionable sneering at *Maybury* by those such as Richard Ingrams who predicted that the psychiatrist would be portrayed as the fount of all knowledge and wisdom, Patrick Stuart's Dr Roebuck was actually shown as failing disastrously with Maisie and achieving very little with many other patients. No doubt the failure rate is entirely true to life, just as the portrayals of schizophrenics, manic depressives and so on have (according to those such as my psychologist sister who should know) been startlingly accurate.

But given that the cause is worthy, given that the medics have not been put on pedestals, given that with one in eight of us due to be mental patients one day it is right to familiarise us with this area of medicine where there is such obscurantism and fear, I *still* think propaganda considerations dominated drama and that the series would have been better reversing those values. At least, I think I think so.

Christopher Fulford (left) and Robin Bailey (second right) in a scene from 'Sorry, I'm a stranger here myself'

Albert Hall/Radio 3

Schubert and Mahler

by MAX LOPPERT

Monday's was one of the authentic Proms. It showed, in the most enjoyable way, the broad inclusiveness of the schedule, the stimulating combination of each programme, and the range of the possible—from chamber music to vast choral cantata—in the mushroom-domed Albert Hall.

It began with the Schubert B flat Trio, in a performance by the Pauk-Kirshbaum-Frankl Trio that seemed at first to settle for no more than extrovert, no-nonsense statement as a way of reaching the audience across so large a space. But then, in the Andante, the players began to explore the realisation that a wider range of dynamics and nuances need not be sacrificed to the size of the hall. Poetry settled on Kirshbaum's cello first, and Pauk's violin soon after; and though one sensed Frankl's longer-lasting reluctance to shade off into a real ppp, both the shape of the argument and the glorious melodic abundance came across in characteristic partnership.

Geographically, the step from Schubert to Mahler is a small one: on this occasion, the conjunction of the two Austrians made for a dramatic contrast. In the second part, Gennady Rozhdestvensky conducted the BBC Singers, Symphony Chorus and Orchestra in *Das klagende Lied*—a complete performance, one that included Part 1, "Waldmärchen," suppressed by the composer from an early date in the work's history. The argument about the justice of that suppression has been carried on with greater point since the first part was returned to the light, and to the public, in 1970, after 35 years of unavailability; last night, the whole seemed so utterly absorbing an experience that the concert may have dealt a death blow to the shorter executive form of the cantata.

The case against the regular inclusion of "Waldmärchen" is, as Donald Mitchell has summarised it, that it forces on the complete experience "an embarrassment of preludial riches" and "a needless duplication of the narrative" (the tale of murder is told twice, first in the leisurely unfolding of Part 1, and then in the dramatically charged recall patterned across Parts 2 and 3). But Rozhdestvensky, who now adds to all his interpretative arts as already revealed in London that of the master Mahlerian, found the particular character of each section—the lyrical, rather statuesque beauty of the first section the tighter shaping of the second, and the high theatricality of the third—and conjoined all three in a concert epic of the most enthralling kind. (How splendid that this Prom season should also include that other great Austrian late-romantic concert epic, Schoenberg's *Gurrelieder*!)

The reading was wholly unlike those given by Pierre Boulez with the same orchestra several years back: spacious where Boulez coiled the dramatic spring fiercely tight, richly glowing of orchestral and choral tone (apart from thin patches among the tenors), willing to demonstrate by means of long, lyrical phrasing the extraordinarily mature musical thinking of the young composer, the *echt*-Mahlerian bittersweet flavours, the timbres alternately hard-edged and soft-grained *(and the peculiar un-Wagnerian* leanness of the orchestral ensemble).

The alto, who has most to do, was Janet Baker, peculiarly grand, solemn, and vivid; Robert Tear and Gwynne Howell were the able male soloists; and a benediction of sweetly gleaming high phrases was the special contribution of the soprano, Teresa Cahill. The required six harps were reduced to four; the offstage orchestra interposed on the onstage in just the right balance.

Brazil in Hammersmith

For its part in the London International Festival of Theatre the Lyric, Hammersmith, will host the British premiere of *Macunaima* by the Grupo de Teatro Macunaima from Brazil. There will be performances from August 5 to 15, including Sunday.

Twenty-two actors play over 60 parts telling the story of the quest of Macunaima, a legendary hero of the Brazilian Indians.

The festival takes place from August 3-16 all over London and presents a concentrated fortnight of theatrical events, which include over 50 outdoor performances, 72 indoor shows and a comprehensive programme of supporting events.

Jaqueline Tong and Peter-Hugo Daly

Theatre Upstairs

To come home to this

by MICHAEL COVENEY

Valerie is a supermarket supervisor, good at her job, but falling down on her hobby. The secret sipping of Cinzano has led to friction on the dance floor, where Valerie is a competent ballroom exponent of Latin American routines. Back home—where Carol Bunyan's play takes place—she sucks mints before answering the door, busies herself installing new furniture units and waits patiently for a husband who never knocks off from the estate agency in time to sample her quick-quick-slow cooking dinners.

Antony McDonald's apartment design is, like most of the play, conceived rigidly in black and white. Dusting fastidiously among the magazines, ash trays and glass surfaces, Valerie is obviously on the verge. Unlike her sister, Linda (Carol Leader), who arrives in a messy heap to announce her fourth pregnancy and to commiserate with Valerie on her recent miscarriage.

Mum comes into it, too: she, apparently, has been going through the menopause for 14 years and cannot talk properly to doctors.

The dancing coach (Jean Boht) and Valerie's partner, Gregory (Peter-Hugo Daly), drop by to deliver the bad news, but chicken out until after the interval. Then, quite suddenly, Gregory launches into an extended *resumé* of *his* miserable life in the building society ("How's the Abbey National, then?" is the play's funniest line, a sure sign we're in deep trouble).

It is all rather like an ironed-out Mike Leigh scenario which fails to be rescued by Les Waters' snappy direction and a suitably unfocused performance by Jacqueline Tong as the unhappy victim who runs out of partners.

:lizabeth Hall

Romantic Festival by DOMINIC GILL

With a little trumpeting, and great quantity of gush, an International Festival of the omantic Movement in the rts" has been launched on the outh Bank. Every day this eek from lunchtime until late ening in the Purcell Room, ational Film Theatre and izabeth Hall a veritable cornu-pia of Things Romantic is sgorged: lectures, poetry and ose readings, discussions, citals and concerts follow ie upon the next in earnest ofusion. "I am a Romantic" e-shirts are available in the yer: "Romantic Press" dges are proffered to critics. : one o'clock every afternoon, ord Norwich presides in the re Room of the Festival Hall Norwich at Lunchtime") in der that he may "talk in-rmally with actors, musicians, ademics — and Romantics — out their lives, their feelings out Romanticism, and their nnections with it." Whether is last event is a public spec-cle or a seminar organised for rd Norwich's private benefit, e programme does not make rfectly clear.

It is not entirely easy to rceive the purpose or func-n of such a festival at all— less it be to provide an excuse ut who needs an excuse?) for jolly get-together. No one, arly, is going to be brought loser" to the Romantic spirit a result. In his breathless eword to the programme-ok of the festival, indeed, the nerican pianist Jerome Rose, o is also the festival's istic director, delivers him-f of a string of cultured uris—". . . we would like to l that each of us really does ve a star which is our per-al communication with rnity. We hope the audience ll for a brief moment relive d believe unequivocally that earth's axis was shaken ause these Romantics walked face"—which bear about the ne relation to the true spirit Romanticism as the music of Charlie Kunz bears to that of Liszt.

The festival's first major recital on Monday night was neither very jolly, nor much of a get-together: a tiny audience gathered in the Elizabeth Hall to hear Ernst Haefliger sing Schumann's *Dichterliebe* and *Jerome Rose play the Davidsbündlertänze*. Haefliger's Schumann was a model of cultivation and refinement, of supremely intelligent pacing and phrasing, and impeccable diction. It was a performance of great smoothness, and many small-scale but substantial pleasures. By now the voice needs to be, and is unfailingly, used at climaxes with special care—and the very restraint and delicacy of such high points (like Chopin's fabled pianissimo reverse-climaxes) added a particular and unforgettable poignancy.

Mr Rose's role as accompanist kept him a shade closer to the mark in Schumann's songs than when he unleashed his Romantic soul in the solo music. His account of the *Davidsbündlertänze* was unashamedly, unabashedly vulgar: every Eusebian vision taxed with the same, utterly predictable rubato: every Florestan charge fierce and crude and extremely fast. The fingers had a certain spirit and resilience, but the heart of the music was candy-floss: no turn of the axis here.

Talk of the Town

Wall Street Crash

by ANTONY THORNCROFT

WALL STREET CRASH, seven bright young things who are obviously the fruits of Manhattan *Transfer* mating with The Young Generation, are an ideal act for The Talk of the Town where they are entertaining for the next four weeks. They have enough pace and precision to catch the eye of the most boorish foreign diner (and there are invariably a few) and enough variety and looks to interest most people in the audience, at least some of the time.

In fact, most of the time: for although the singing might not be of Man Tran class the four boys and three girls hop in and out of costumes and musical trends with considerable *ingenuity. There are old* harmony standards like "Kalamazoo" and rock medleys, sophistication with "Loving Feeling" and joke routines like "There ain't nobody here but us chickens." It all adds up to a cheerful hour, visually exciting and quite tuneful, too.

The same can't be said of the new show at The Talk of the Town. The old spectacular has been replaced by speciality acts—adajio dancers, even—which exhibit some skill, but show off the show girls and singers in an even worse light. I swear the fixed smiles have degenerated into snarls and I doubt whether real women exist beneath the wigs and body stockings.

Coward triple bill

Noel Coward's triple bill of one-act comedies, *Tonight at 8.30*, will be revived at the Lyric Theatre, Shaftesbury Avenue, from Tuesday, August 11, with premieres from Wednesday, August 5.

The three short comedies are *Red Peppers, Hands Across the Sea*, and *Shadow Play*. The cast is headed by John Standing, Estelle Kohler, Hugh Lloyd and Zulema Dene. Jonathan Lynn directs, with choreography by David Toguri.

Shadow Play has not been seen in the West End since 1936 when Noel Coward and Gertrude Lawrence played the leads.

Philharmonia success

The Philharmonia, the London orchestra which is supported by the biggest single sponsorship of the arts — £300,000 a year from the House of du Maurier — has benefited greatly from the relationship in its first year. At its Festival Hall concerts, 85 per cent of the seats were sold on average, a rise from only 60 per cent in the previous season, and a much higher percentage than its competitor orchestras.

The rise in audiences is linked to the Philharmonia's subscription scheme, the first of its kind by a big London orchestra, although the BBC Orchestra has just announced a subscription plan for its autumn series of concerts.

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Unesco and the Press

ALMOST EVERYBODY has had occasion from time to time to grumble about the Press, most especially if it is they themselves who are being written about. Over the last two decades, this familiar feeling of irritation has developed political overtones in the third world, which have been translated within the United Nations system into demands for what is known as a New World Information Order.

Originally, the third world's alarm at their treatment at the hands of the western media came under two separate but related heads. First, all the major news agencies are owned and to a large extent staffed by westerners. This meant that third world newspapers had to rely for a substantial part of their content on material supplied by these agencies.

Coups syndrome

Secondly developing countries became increasingly sensitive to their own image. The bulk of reporting of their affairs is carried out by news agencies. But third world anger at what is seen as a form of cultural imperialism is increased by the "coups and earthquakes syndrome"—the fact that their countries tend to make headlines only at times of crisis, while for the rest of the time they are ignored.

These feelings of aggrieved frustration, coupled with demands for a greater say in the development of the world communications system, have found their way under the roof of UNESCO, the United Nations Educational Scientific and Cultural Organisation. But under this roof, with more than a little nudging from the Soviet bloc, the demands of the third world for "balanced" coverage have at times merged with a quite different set of proposals for what amounts to control of the Press.

Under this heading, proposals have surfaced for an international licensing system for journalists or for an international code of ethics for journalists. Both proposals stem from the belief that governments have a right to control both the movements of journalists within their borders, and the contents of what they write.

Reaction

At the General Conference of Unesco at Belgrade last autumn, it became clear that Western governments, and especially the U.S. Government, were badly prepared and had been outmanoeuvred. The Western Press itself paid scant regard to the Belgrade meeting. But the upshot was that moves towards a restrictive World Information Order took a few more hesitant steps on the road to respectability.

Since Belgrade, a reaction has set in. An attempt by Unesco to progress the issue of identity cards for journalists in February ran into a storm of protest; a meeting of leading Western world news media at Talloires in May produced a declaration of its own on the principles of Press freedom.

Some Western governments, notably Britain's, have taken the diplomatic offensive. The issue of world communications is now on the agenda of the EEC's political co-operation machinery. It is being raised within the Council of Europe, and it will be discussed at the Commonwealth Conference in Melbourne in September.

Complaints

The third world needs a free and vigorous Press of its own, and it is quite right to be demanding help from the western world in creating one. To the extent that coverage of developing countries by the western media is unfair or inaccurate they are right to complain—even though some of the complaints have more than an air of special pleading about them. But for governments or international agencies to go further and seek to control what newspapers write and who should write for them must be firmly resisted. The UN—and especially its Unesco secretariat—need constantly reminding that the principles of a free Press are non-negotiable.

Mr Trudeau sets a bad example

CANADA IS undergoing an upheaval more profound than the debate about the future of its constitution. Mr Pierre Trudeau, the Prime Minister, is trying to tackle the structural peculiarities which cause Canadians to say at times that theirs is only the most developed of the under-developed countries.

They mean that the Canadian economy is heavily dependent upon primary industry, running a consistent and heavy external deficit on trade finished goods; and that the majority of manufacturing industry is controlled from abroad. Canadians have fared well with this "branch plant" economy, as nationalist critics call it. Their standard of living is well up to American standards.

But since the 1960s there has been a movement to "buy back Canada" originating on the Left and among part of Mr Trudeau's Liberal Party. They want to lessen the dependence of Canadian industry on U.S. corporations, and to raise the amount of research and development done by Canadian industry itself.

Identity

Mr Trudeau has at least in part embraced that cause. To him it is part of the process of "nation building," meaning the securing of a distinct Canadian national identity in North America. His attempt to abolish the right of the British Parliament to make certain fundamental amendments to the Canadian constitution is a part of it.

"Buying back" Canada began as part of the National Energy Programme announced last October. One of its main objectives is to squeeze down from about two-thirds to half or less foreign control over the country's oil and gas industries. Exploration grants in the promising northern and offshore areas are to be graded to encourage Canadian operators: the higher the degree of Canadian control, the higher the grant.

The threatened legislation has already caused a burst of takeovers. Some foreign operators have sold out to PetroCan, the government-owned oil company, or to other publicly or privately owned Canadian concerns. Others will follow. When Dome Petroleum built up a shareholding in Conoco and then swapped it for Conoco's majority holding in Hudson's Bay Oil and Gas, murmurs of protest came from the U.S. Congress, though the Reagan Administration has not yet shown its hand.

Washington argues that Ottawa has departed at least from the spirit of an OECD code of conduct towards foreign investment. But Mr Trudeau has remained obdurate. Nor is he likely to listen to American complaints against the Foreign Investment Review Agency, set up in Ottawa in 1973, which can bar foreign takeovers and green-field investments unless they bring "significant benefit" to Canada. Fira began as a tame tiger but lately has begun to show its teeth. Mr Trudeau's government programme proposes to make them even sharper to give Canadian bidders a heightened advantage if a Canadian company comes up for sale.

Even wider discrimination against foreign capital, as well as foreign exporters, may be proposed, probably in the autumn, when the promised industrial policy is presented. Various departments are working on it, though Mr Trudeau is not so far committed to anything specific. Fira's code of conduct for foreign investors shows in which direction Mr Herbert Gray, the Minister of Industry, is going. The code says that foreign investors should give Canadians a large share in management; they should aim for high added value rather than merely assembling components in branch plants; they should contribute to exports of manufactures; and they should re-invest a large portion of their profits to promote growth.

One recognises Canada's special position as the thinly populated neighbour of the giant U.S. Yet Ottawa is running risks, given the Canadian dependence upon capital imports. The bias against foreign capital has been a contributory factor to the slowing down of inward direct investment. A switch to fixed interest borrowing abroad has adversely affected the external current account since bonds, unlike equity, need to be serviced in good times and in bad.

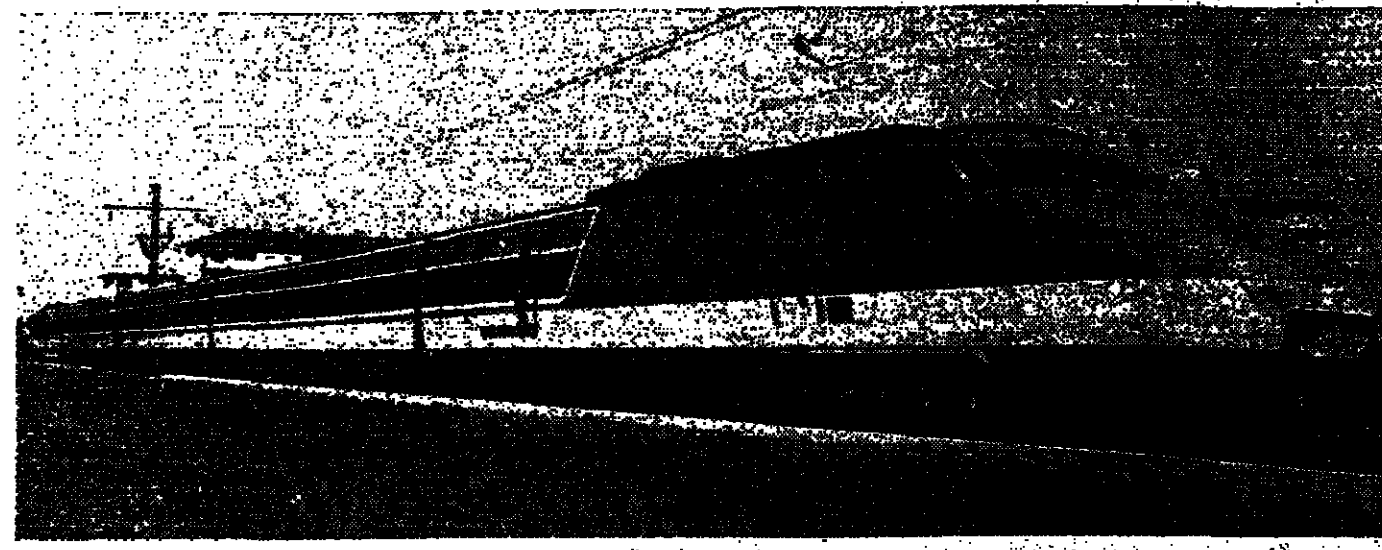
Standards

Mr Trudeau's course, apart from setting a bad example to other countries, ultimately could make it harder to maintain the Canadian standard of living, something that could imperil his nation building. He will stick to his energy policy. But the industrial policy might just prove less sharp than feared: Mr Trudeau must be aware of the historic fact that Canada generally wants to keep the U.S. at arm's length—but no farther removed than that.

NATIONALISATION IN FRANCE

Plus ça change, plus c'est . . .

By Terry Dodsworth in Paris



The nationalised railways are not a figure of fun in France simply because they eat up prodigious subsidies: the trains run on time

WHEN ex-President Valery Giscard d'Estaing wanted to make a particularly biting point against nationalisation, he would throw out the example of Britain. Britain, he used to say, provided a perfect example of the way in which the socialisation of an economy destroyed industrial vitality.

Then he would step off his ideological platform and (to use a little poetic licence), arbitrate on new tariffs for the metro (nationalised), receive the head of Renault (nationalised), decide on further investments in the nuclear power programme (quasi-nationalised), and launch a new project in the aerospace industry (three-quarters nationalised.)

The fact is that France already has a big public sector, just about as large as Britain's and in some ways more penetrating because of the State's hold on about 80 per cent of the banking industry. But the nationalised companies have never become, as in the UK, an uncontrolled political football, bounced back and forwards between the Left and the Right of the political spectrum.

While President Giscard and his liberal backers took a few well-aimed kicks at the public sector, the French Right has never pushed its arguments to the point of de-nationalisation. Indeed, it has made the system work, thus, paradoxically, undermining the argument against it.

Part of the reason for this acceptance of the State industries lies in what the French tend to call the "Colbertist" tradition—the notion that the State has the duty to direct industry by one or another interventionary mechanism for the good of the nation as a whole.

This concept has survived the 300 years since Louis XIV's economics minister gave it a name with very little trouble. True *laissez-faire* liberalism, though attempted once or twice, has never taken hold in France. As the Left tirelessly points out, General de Gaulle was responsible for far more nationalisations in his brief post-war administration than the Popular Front government of 1936; and even President Giscard, an incessant advocate of the market system, had deeply-rooted interventionist instincts.

To add to this inherent sympathy for State involvement in industry, the French public sector has produced some outstanding successes. Direct Government action, for example, created the oil group Elf Aquitaine from nothing just after the last war. It is now the biggest taxpayer in France. Similarly, successive administrations have nursed Renault, the motor company, into a *dominant position in Europe.*

All of these companies have a good image in France. Yet in each of them—and even more so in some of the other nationalised groups—growth, success and sometimes even survival have depended on a benevolent Treasury purse. This attitude, an extension of the Colbertist approach to the encouragement of certain chosen companies, has meant according the public sector a high priority in demands on funds without necessarily insisting on an immediate return.

Thus Aerospatiale, the aerospace group now in a profitable period with the development of the Airbus, ran up enormous losses in the 1970s—some FFr 2.4bn ($414m) between 1972 and 1979—entirely covered by capital write-offs and new equity injections from the Treasury. Again, at Renault, profits have never been particularly high. According to some calculations, in its greatest period of growth from the mid 1960s to 1975, Renault's tax and dividend payments to its State shareholder were only a quarter of those paid by Peugeot, its private sector rival.

These two examples of publicly-supported investments are drawn from what the French call the "competitive" public sector—industries in which the State company operates in an open world market where it can generate much needed exports. By contrast, in the monopoly nationalised groups (the electricity, gas and coal industries, the railways, the Paris metro, the two State airlines and the Post Office), the Government's aim has been to stimulate the economy rather than create big export earners. In recent years, these groups have been responsible for a lot of the growth in activity and new jobs in France during 1980, for example, they increased their fixed investments by almost 9 per cent against a national average of 3 per cent

In essence, the State industry-Government relationship works because managers are allowed to manage—and given the funds to do it without undue ties—as long as they are seen to achieve national goals. "I never suffered any interference from anyone," said M Pierre Dreyfus, the former head of Renault, explaining his relationship with the civil service.

Although M Dreyfus was something of a special case in the skill with which he managed his Government relations, most of the French public sector companies maintain similarly harmonius relations with the administration as long as they meet their targets.

This attitude also spills over into the general public perception of State industries. Aerospatiale has spent more than 20 years coming up with prestigious loss-making civil airliner projects before hitting on the more successful formula of the Airbus. But the French were broadly sympathetic to commercial failures like the Caravelle or the Concorde because they flew the national technological flag. Similarly, the nationalised railways are not a figure of fun in France simply because they eat up prodigious subsidies: the trains run on time.

In many ways, therefore, the new Socialist Government's nationalisation plans fall in line with the interventionist methods which have been bred into the French economic system. The Socialists are just taking the concept of supporting jobs, winning markets and fuelling growth by chanelling investment a step further. But in at least two important aspects the new policies could mark an important break with recent practice.

The first is the new role being planned for the banking sector, which is to be almost completely nationalised except for a number of small regional establishments. Counting the effectively Government-controlled co-operative banks, such as the Credit Agricole, this reform means that the authorities will have complete power to direct credit by administrative dictat.

Behind this sweeping change lies the notion that the banks have been profiting at the expense of industry — that "capitalism as a creator of goods is being more and more devoured by the capitalism of money," as President Mitterrand put it a few years ago. Socialist reform clearly implies some effort to adjust the frontier between industry and high finance.

For bankers, the big fear is that the creation of a system more strongly devoted to the "creation of goods" could mean an even tighter control over the direction of credit. The Socialists themselves have certainly made it clear that they want to see more finance going into maintaining jobs and supporting small and medium sized companies, which are seen as a necessary counterweight to the big, monopolistic and often job-destroying multinationals.

The second question mark hangs over the already severely constricted market system in France. There are quite definitely two distinct strands of thinking on this in the Socialist Party.

On the one hand, there is a strong body of support for the line developed by M Michel Ricard, the Planning Minister, who believes that the market is "all-embracing and irreplaceable" as a measure of company efficiency and the relative "worth" of products. On the other side lie the supporters of the neo-Marxist line, who argue that resources should be strictly allocated by the Plan.

On both the banking and the market issue, all that can be said so far is that the Government has adopted a line which falls far short of a Gosplan strait-jacket. M Pierre Mauroy, the Prime Minister, is a power politician, not a theoretician, and in essence he has come down in favour of maintainingg plurality and choice—and therefore a kind of controlled capitalism throughout the economic system.

For example, he has neglected some of the more way-out Socialist proposals for a merger of banking networks and a rationalisation of branch outlets.

The structure of banking will remain more or less as it is, maintaining a degree of High Street competition for clients. Control is likely to be exercised by a little more of what by now are classic means — special reduced rate loans (these account for almost 44 per cent of credit at present), privileged networks (Credit Agricole does virtually all French agricultural banking), and strict ceiling lending controls on business not regarded as essential.

On the industrial side, while there is bound to be a move away from the emphasis placed by M Raymond Barre, the last Prime Minister, on the free play of competition, the newly nationalised groups may well find themselves as free from interference as, say, Renault.

The new team of economic ministers, almost entirely drawn from the centre of the Socialist Party, is acutely aware that the "nationalisables" operate in competitive international sectors — chemicals, glass, metals, electrical goods and so on. They also know that the export earnings of these companies are a key factor in keeping the French economy afloat.

Yet if there is not to be positive change in these companies, why, it might be asked, should the Government nationalise them at all? Part of the answer lies in history, dogma and past commitments. Part lies in the very real hostility to big industrial groups that are thought to behave according to mysterious promptings of the international capital markets rather than any sense of social purpose.

But part also lies in the feeling that the Government should take another step down the Colbertist road of establishing State-controlled priorities for industry. In this sense, the swing to the Left will not mean a 180 degree turn away from the previous methods of big company control. When Saint-Gobain, the largest of the "nationalisables," decided about three years ago to shed some of its more peripheral activities, and move into computers, it did so with the blessing of th State. Under the Socialists, a nationalised group, it mig have been cajoled or aided bit more. But the differen would have been one of st not of content.

FRANCE'S MAIN NATIONALISED INDUSTRIES

Monopoly Sectors (1979)	Sales FFr	Profits* FFr	Employees
Post Office	70bn	5.5bn	442,000
Electricity supply	49bn	—677m	108,000
Railways	30bn	108m	256,000
Coal mines	18.4bn	78m	83,000
Gas supply	14.9bn	4.7m	28,000
Paris transport	5.5bn	24m	37,000
Tobacco monopoly	3.9bn	—236m	10,000
Companies in comeptitive sectors			
Renault	68.5bn	1bn	233,000
Elf Aquitaine	56bn	5.6bn	37,000
Air France	12.5bn	214m	33,300
Aerospatiale	10bn	8.3m	34,000
SNECMA aero engines	4.4bn	66m	18,900
Nationalised Banks (1980)	**Balance sheet total**	**Profit**	**Employees**
Banque Nationale de Paris	489bn	898m	47,000
Credit Lyonnais	446bn	626m	45,000
Societe Generale	410bn	1bn	34,000

*These figures frequently include subsidies

THE NEW PROGRAMME

Compagnie General d'Electricite, Pechiney-Ugine-Kuhlmann, Rhone-Poulenc, Saint-Gobain, Thomson-Brandt, Dassault, Sacilor, Usinor, Matra (arms division only).

All banks are to be nationalised except: Foreign banks, French subsidiaries of foreign banks, Co-operative banks, small local banks.

Companies with foreign shareholdings: CII Honeywell Bull, ITT-France, Russel-Uclaf.

MEN AND MATTERS

Small talk

Talking to insects in their own languages could become really big business in the next decade, says Peter Coggan, who knows a thing or two about the art of conversation with fruit flies. "You can confuse them, scare them, or tempt them into traps." Coggan tells me—and the ability to make such mischief among the pests that prey on the world's crops is worth a few million pounds.

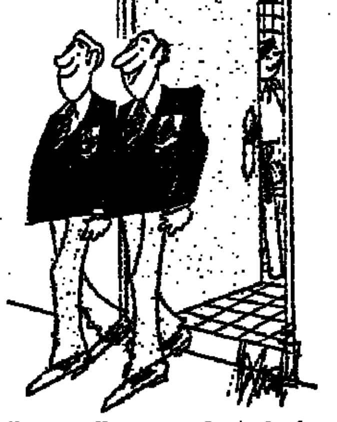
Coggan is managing director of International Pheromones, a company he bought from Unilever last year and has now sold to the Norwegian pulp, paper and chemicals group Borregaard. Pheromones are the substances emitted by insects as a means of communication; to attract the opposite sex, for example, by scent.

Research into the substances has been going on for some time but it is only in the last three or four years that synthetic pheromones have been produced commercially. Borregaard has been in the forefront, developing pheromone-baited traps to protect its spruce forests from the ravages of the bark beetle which in Norway alone last year killed 5m trees worth £10m.

"The system has obvious environmental advantages over the more usual methods of spraying insecticides," says Coggan. "Only the species you want to control is affected whereas the indiscriminate use of insecticides kills other species, contaminates streams and the crops themselves, and eventually builds up resistance in the pests."

International Pheromones' own main target so far has been the eradication of three types of sub-tropical fruit fly. Using systems based on research by Prof. R. Baker of the Wolfson Institute at Southampton University, it is now waiting approval in the U.S. for a three-year programme to eliminate the pests from Hawaii.

With the merger of experience and resources, Borregaard now plans to develop the business it first entered as a self-defensive measure. The market, it is estimated, could be worth £100m by 1990 if it can start talking to other pests.



"Now all we need to do is take the captaincy away on a rota basis"

Song and dance

A delicate question mark hovered over the announcement yesterday of the festivities to celebrate the other great royal event of the year — King Sobhuza II of Swaziland's Diamond Jubilee.

As officials laid out the plans for September's week-long programme of cocktail parties, variety shows, state ball and loyal addresses, the make up of the guest list was most on journalists' minds. For while Princess Margaret will be welcomed as the Queen's representative and a U.S. official will almost certainly be there for Ronald Reagan, the key diplomatic problem lies over whether or not there will be an invitation for the tiny black state's Goliath of a neighbour, South Africa.

The Swazi minister for Agriculture, a Mr Hlopo, took what appeared to be a traditional approach to Press inquiries as he announced the details of the celebrations in London yesterday. "In accordance with our customary laws and traditions," he explained, "usually a neighbour is not invited. You know him too well. Usually to such occasions you would invite someone from a distant place."

With Swaziland still dependent on South Africa for 90 per cent of its imports, most Africa watchers suspect that a suitably low-key dignitary from Pretoria will attend in a way least likely to inspire a boycott from the country's more militant friends.

Bubbling over

A storm in a champagne saucer perhaps, but one can understand why Lawlers, the Dorking-based wine importer, is jealously guarding its registered trademark, Royal Wedding.

Lawlers, whose principal product is the less attractively named Austrian wine, Schluck, succeeded in cornering the trademark after witnessing the extraordinary success of special celebration brews during the Jubilee in 1977. With exclusive English importing rights to Charles Heidsieck, the champagne house was an obvious choice for a special Royal Wedding cuvee, and Lawlers is now anticipating doubled sales of around 30,000 to 40,000 bottles, pushing Heidsieck up the champagne Top Ten towards the market leaders, Moet et Chandon, Lanson and Veuve Clicquot.

Hardly surprising then that marketing director Andrew Nunn nearly choked on his cornflakes when he saw that the Scottish distiller, Whyte and Mackay was advertising a Royal Wedding 12-year-old whisky in a Sunday colour supplement.

"We were expecting a lot of people to do "celebration" brands, and we had authorised a port and a madeira company to use the name, Royal Wedding," Nunn told me, but the Whyte and Mackay Whisky took us by surprise as they had originally advertised it in the trade press as the "Charles and Diana brand."

Such is the bonhomie of the drinks industry that the flurry of lawyers' letters was soon reduced to a gentlemanly recognition by W and M that the trademark was Lawlers' property—presumably leaving the company a clear run when the two remaining batchelor Princes decide to take the plunge.

Trouble brewing

Talking of drink, one would imagine that Britain's brewers would by now have grasped the vital influence of opening time on the mood of annual general meetings. Whitbread yesterday opened its AGM at midday in the comfortable surroundings of the Porter Tun room in Chiswell Street where the wine bar was doing a steady business after a sole shareholder's question had been comfortably brushed aside in a welter of congratulations.

Allied Breweries—now changing their name to Allied Lyons—had a less comfortable ride at its 3 pm AGM. After a row about refreshments last year, the chairman Keith Showering had laid on tea downstairs. Sadly, this did little to pacify many of the first half-dozen questioners—some of whom had been clearly fortified by the rival brewer's entertainment down the road.

Roll up

Harrods' Press office seems to be hedging its bets on the outcome of the take-over battle between Tiny Rowland's Lonrho and Professor Roland Smith of the House of Fraser. It has invited me to a champagne reception to celebrate the opening of the store's new escalators by Prof Rowland Smith.

Observer

هكذا من الأصل

Philip Bassett, Labour Staff, assesses the effects of the civil servants' strike, which seems likely to end soon

A five-month struggle limps to a close

[T]he strike has [s]trengthened [t]he Left in [t]he unions

[N]INETEEN WEEKS and £8.5m [wo]rth of strike pay after it [b]egan, Britain's widest-ranging [ci]vil servants' strike appears [th]is week to be limping towards [a]n end.

The 530,000 civil servants, [d]espite a carefully orchestrated [ca]mpaign of disruption which [s]everely embarrassed the [Go]vernment, have very little to [sh]ow immediately for their [ef]forts. They seem likely to [se]ttle for a mere half a per [c]ent (or £30 a year) above the [7] per cent which became for [s]o long the sticking point in the [b]attle of wills between the two [s]ides.

But although the Government [k]ept the claim down to just [o]ver half the original 15 per [c]ent submitted by the nine-[u]nion Council of Civil Service [U]nions, its success has not been [a]chieved without some cost—[a]nd not only to those directly [i]nvolved.

British Airways, already [s]truggling in the face of the [r]ecession, estimates that the air [tr]affic controllers' strike has [c]ost it £40m in revenue. Many [s]mall businesses have been [b]adly squeezed because VAT [r]epayments have been stuck in [t]he Customs and Excise com[p]uter in Southend. Some [5]50,000 repayment claims are [n]ow pending, and it will take a [lo]ng time to clear them.

Furthermore, the Govern[m]ent has had to make conces[s]ions particularly over next [y]ear's pay. Conservative back-[b]enchers have already bitterly [a]ttacked the fact that next [y]ear's pay negotiations will not, as has been the case recently, be bound by pre-determined cash limits. This will make the Civil Service unique in the public sector, *even though* Mrs Thatcher has warned publicly that "in the end we would have to reconcile any amount given with the public's ability to pay."

Union leaders believe that this concession puts them in a strong position for next year—particularly since after much hard bargaining it is backed with the promise of arbitration (although that is *subject* to Parliamentary approval).

The Government has not had it all its own way. *Indeed, it* has had to set up something which is almost a new Royal Commission.

The terms of reference for the inquiry by Sir John Megaw, a retired High Court judge, are wide enough to allow it easily to encompass such elements dear to Tory backbenchers as ending civil servants' job security and index-linked pensions. But its outcome, like that of the Scott inquiry on public service pensions, is by no means clear-cut. There is no guarantee that what will emerge will be as "favourable" for the Government as the new pay system drawn up by Mr Gordon Burrett, the outgoing deputy secretary of the Civil Service Department's pay group, which will now form the basis of the Government's evidence to the inquiry.

Some union leaders though, now expect the Government to take full advantage of the *expected outcome of the dispute* by quickly bringing in a number of changes to pay and conditions in the Service that it has long sought. These include:

- An agreement on the widespread introduction of new technology;
- Stringent prosecution of planned manpower cuts;
- Possible action on pensions;
- The introduction of regional and performance-linked pay.

Ministers may be wary of pre-empting the Megaw inquiry but as one union leader put it: "Once this is over, they'll throw the book at us."

Ill-feeling within the Service is likely to be a long-term legacy of the dispute. There have been bitter clashes between grades of staff working in the same building, for example.

Sharp, often extreme, critical telegrams began arriving last week at the Council of Civil Service Unions' London headquarters from angry members as soon as the then-unofficial offer was disclosed. Personal attacks on union leaders were widespread after the 1979 Civil Service dispute and the unions expect more of them this time.

But the Council has come through its considerable baptism of fire not only still united—astonishingly for unions which cover jobs from cleaners to permanent secretaries—but with an entirely new organisational structure of local committees which have run the strikes at local level.

For the future, these "Frankenstein's monsters," as one union leader called them, pose a long-term threat to the traditional bargaining and representative structures in the Civil Service. The co-operation between often widely-different unions and staff at local level which they have seen will survive and the Left has certainly improved its position in their unions. Leading union right-wingers say, with heavy *irony, that in holding out* against the civil servants Mrs Thatcher has given a great boost to people they have been fighting for years.

The cost of the strikes to the unions has also been heavy, mainly because of the commitment to pay selective strikers at 85 per cent of their gross rate.

The result is that the cost of selective strike pay, if the strikes end later this month, is likely to be about £8.5m. With administrative and subsistence costs and the unions' further commitment to backdate the agreed 7½ per cent increase for the strikers, the total could work out at about £9.5m.

A levy on members is thought to have brought in just over £6m, leaving a gap of perhaps £3.5m to be met from union reserves.

But if the costs to the unions have been heavy, then the cost to those affected by their wide-ranging industrial action has also been considerable. Revenue collection, defence, air traffic, court operations, VAT repayments to traders, passport issues, payment of public service pensions, and of unemployment and child benefit, are among areas that have been hit.

The Government has lost for ever about £140m in interest payments on money borrowed to cover the delay in revenue caused by action at the computers. The Treasury puts the amount "frozen" at about £4.5bn, the unions in excess of £7.5bn. The full amount may not be known for some time, and the correct amount probably never, but it is likely that the effects of the action on Government revenue will be felt for at least six months after the end of the *dispute*.

By the end of the dispute, the Government will probably have lost more than 1m working days as a result of the action, though it will have saved a certain amount in unpaid salaries.

Meeting the extra ½ per cent will cost the Government £15m-£16m on top of its original £230m offer. Meeting the unions' original claim for this year of 15 per cent would have cost about £550m.

So the Government may have won something of a Pyrrhic victory. Perhaps the one major result may be the reluctance of each side to take on each other in the future. Lord Soames, the Lord President of the Council, and Minister with day-to-day responsibility for the Civil Service, urged civil servants in February, before the dispute got under way, "to think hard and think again before taking the negative and destructive path of industrial action." Both sides may well now heed that advice.

The effects of the action on Government revenue may well be felt for at least six months

A clear public sector signal for the next pay round

THE GOVERNMENT'S success in holding down Civil Service pay increases for this year to half the original claim of 15 per cent means that it is now in sight of a considerable victory.

The new offer—almost all union leaders expect it will be accepted — has implications both for the pay round just ending and for the round just about to open.

It means that no public sector group, apart from the miners, has broken its imposed cash limit this year, though the 180,000 railmen who have still to settle may well threaten it. Even the miners secured an increase in their industry's cash limit by *industrial action over jobs*, rather than pay.

In the next pay round, which traditionally starts next month, the present "settlement" could mean fresh difficulties over Civil Service pay in 1982 because the current 7½ per cent offer includes a Government commitment on negotiations without pre-set cash limits and the availability of arbitration.

But the Government believes that it has sent a very clear signal that in the next pay round it intends to press for settlements in low single figures—probably around 4-5 per cent as Sir Geoffrey Howe, the Chancellor of the Exchequer, has already indicated.

For the pay round just ended the cash limits for central and local government and the health service were set only after considerable argument in the Cabinet and in a rather haphazard fashion.

Some Ministers, including Civil Service Ministers, originally argued for a pay provision of 9-10 per cent, suggesting that 9 per cent would be a sticking point but that, if necessary, 10 per cent would settle things. Reports that such a limit would be set were leaked to some newspapers, even though hard-line Cabinet members were arguing strongly for a 5 per cent provision.

The arguments came to a head at a Cabinet meeting the day after newspapers reported BL's 6.1 per cent offer to its manual workers. A decision had to be taken, because Mr Michael Heseltine, Environment Secretary, needed a figure for a key speech he was due to make on the rate support grant.

The 5 per cent figure was tainted by memories of the 5 per cent limit—in the 1978-79 "winter of discontent." But the Prime Minister insisted that Sir Michael Edwardes, BL's chairman, had to be supported. So the provisional pay figure was fixed at 6 per cent.

The 6 per cent limit has also been applied firmly to nurses, doctors and dentists. In all, as Ministers repeatedly stressed during the Civil Service dispute, more than 2m public service workers settled at that limit.

Leaders of groups such as the 1.1m council manuals and others, with perhaps more experience than the Civil Service unions in seeing which way the wind is blowing, decided, in effect, to leave industrial action over pay to the civil servants this year because they were convinced that the Government was determined to resist them.

Letters to the Editor

The Belvoir dilemma

From the Chairman, National Coal Board

Sir,—Martin Dickson is to be [c]ongratulated on his fair and [b]alanced article on "The Belvoir [D]ilemma" (July 20).

He sets out very clearly the [v]arious points at issue. I would [li]ke to emphasise some of them.

There is not the slightest [d]oubt that the Belvoir mines [w]ould be highly productive. The [a]pplication of advanced mining [t]echnology to new and well [e]xplored coal reserves has [a]lready led to record breaking [p]erformances in British mines —and Belvoir (like Selby) will [m]ake that *achievement still fur*[t]her.

But perhaps the crucial point [a]bout Belvoir coal is that it [w]ould replace capacity in the [n]eighbouring Leicestershire [c]oalfield, which is bound to [e]xhaust within a few years. [W]ithout the new development [a]t Belvoir there could be a re[d]uction of up to 7m tonnes in [o]ur capacity during the next [d]ecade. It is not, therefore, a [q]uestion of deciding whether we [s]hall need more coal by 1990, [b]ut whether we can make do [w]ith less. In fact, all major [st]udies of the energy scene con[c]lude that more coal will be [n]eeded.

Furthermore, because of the [e]xhaustion of the Leicestershire [m]ines there would be a readily [a]vailable reserve of skilled and [h]ard working miners from an [a]rea which has always been [h]ighly productive. There would [a]lso be no shortage of resources [fr]om the construction and [e]ngineering industries for the [d]evelopment of the project, which would indeed provide them with a much needed boost to the value of £1,000m.

There can be no question of imported coal providing a viable alternative to Belvoir. The combination of high technology and skills on the one hand, and the nature and location of the reserves on the other, will make *this coal quite unbeatable in this* respect.

Of course there is an environmental problem. But we have shown as an industry that we operate very responsibly in relation to the environment (we were among the first to support the Clean Air Act and we have excited world interest in how we minimise environmental disturbance during and after mining). We shall without any doubt act very responsibly in the Belvoir area.

The challenge, as I see it, is to reconcile environmental safeguards with desirable industrial growth. This challenge goes far beyond the Belvoir issue—it strikes at the root of how we want to develop as a nation in the future.

Sir Derek Ezra,
Hobart House,
Grosvenor Place, SW1.

The Lloyd's debate

From Mr N. Dangoor

Sir,—I am surprised that Mr J. T. C. Hodges, secretary-general of Lloyd's, challenges my figure of 22 and thinks it is only 18. With eight external and three nominated seats totalling 11, it should be obvious that the number of working seats can be raised to twice that total, namely 22 (in a council of 33), and still not exceed the two-thirds ratio stipulated in clause 3 (3) of the Bill.

In the closing minutes of the Parliamentary hearing in May I asked Mr Michael Mann, QC, to protest about this anomaly but his plea went unheeded or uncomprehended. Lloyd's denial of the possibility of 22 seats is an admission that it finds such a number unjustifiable. I therefore invite it to do something about it: the ratio should now be corrected to "three-fifths" or we shall have to suffer yet another petition.

As regards the number of working members, in October last I was given the figure of 3,548. In Parliament in March the number became 3,794. In the annual report of May it dropped to 3,683. The official number now is 4,038 — an *increase of 490 since October.*

The heavy voting on divestment and divorce proves the efficiency of postal balloting to obtain the membership's views. It also shows that external members are not sleeping partners but, being mostly shrewd business people, they do take part in Lloyd's affairs whenever given the opportunity. It would be dangerous to tamper with their franchise.

N. E. Dangoor.
25 Albert Hall Mansions,
Kensington Gore, SW7.

Sleight or slight

From the Deputy Chairman, Association of External Members of Lloyd's

Sir,—Mr Hodges' mathematical calculations (July 17) on the composition of the council proposed by the amended Lloyd's Bill are correct but his conclusions inaccurate. True, ⅔ of the proposed council of 27 is 18, but the amended Bill provides for 16 working members of Lloyd's not 18. The object of inserting the ⅔ provision in the original Bill was to ensure that the number of working members on the council could not be increased at the expense of the other members. But having increased the number of external names on the council from six to eight and the whole council from 25 to 27, it is obvious that the ⅔ provision must be decreased. Whereas the proportion of 16 to the original council of 25 is ⅔, the proportion of 16 to the new council of 27 is 3-5ths QED.

Mr Hodges adds his skill as a conjurer to that of a juggler in attempting the contortions of logic by suggesting that the undertaking *to Parliament* by Sir Graham Page to withdraw the immunity Clause 11, was honoured by removing the clause with one hand and substituting a similar clause with the other hand.

Although Mr Hodges' "act" is entertaining, it is not convincing. Sleight of hand may turn into slight of Parliament.

Anthony O. R. Mitchley.
15 Bryanston Square, W1.

Pre-empting Parliament

From Mr N. Parker

Sir,—At last Friday's general meeting of Lloyd's, ballot boxes were labelled "working" and "external" members. I queried this on the grounds that classification of members is first proposed in the Bill that has yet to be passed into law. The reply was that Lloyd's has been acting on the assumption that the Bill will succeed in its present form.

As petitioner against the Bill, *I was in the fortunate position* of being sufficiently familiar with the issues to deliver my vote directly to the secretary-general's office before the meeting (after the meeting use of the ballot boxes was mandatory). Had I found it necessary to listen to the various arguments at the meeting and cast my vote afterwards, I would have been effectively deprived of my vote unless willing to accede to classification.

It is this attitude of arrogance on the part of the promoters (in this case actually pre-empting the decision of Parliament) that has put the future of the Bill in jeopardy. The issue of classification was not argued before the opposed committee in the House of Commons for reasons of legal tactics. It is nevertheless a very live issue to be fought all the more resolutely in light of recent behaviour.

N. Parker.
56, Curzon Street, W1.

Caribs and Akawaio

From the Director, Survival International

Sir,—Reading the article by Canute James, "Venezuela's Guyanan claim poses a Caribbean dilemma" (July 14) one would think that the disputed territory was devoid of people, animals and vegetation.

It should be appreciated by lending agencies and multinational corporations as well as by the governments concerned that development of the upper Mazaruni hydro-electric project, in particular, would displace some 5,000 Akawaio Indians from their ancestral homelands, despite assurances of legal title provided for by the 1966 Independence Treaty. The subsequent refugee problem would have repercussions on an additional 25,000 Carib speaking Indians in Brazil and Venezuela, causing untold misery immediately and long term disaffection in the years to come throughout the area.

The environmental and ecological effects on the ecosystem of the ultimate 1,000 square mile lake on neighbouring countries, particularly Venezuela, have so far not been seriously considered, even though rivers feeding into the proposed new lake have their sources in that country. River-borne diseases are already on the increase.

It is readily appreciated that Guyana needs hydro power, but there are many alternative sites available which would produce an ample supply of power without effectively *ruining* the lives of the Akawaio and Pemon Indians, risking the spread of tropical diseases which might affect the Amazonas population at large and destroying yet again a large section of tropical rain forest.

Barbara Bentley.
Survival International,
36, Craven Street, WC2.

Employment of graduates

[F]rom Professor G. R. Martin

Sir,—The second of Michael [D]ixon's recent articles on the [e]mployment of university [g]raduates (Jobs Column, July [1]3), will have revealed to your [r]eaders at large two of the [f]actors, well *known to those* [i]nvolved within universities, [w]hich bedevil any attempt to [d]raw simple conclusions from [th]e published *statistics*.

In analysing the employment [o]f men and women graduates, [M]r Dixon finds it necessary to [lo]ok separately at the various [su]bject groups because, as he [s]ays, different subjects have [d]ifferent "inherent employa[bi]lities." It is not too surprising [th]at graduates in the more [ob]viously vocational subjects [te]nd to find themselves in [e]mployment rated as "perma[n]ent" with less delay than their [co]lleagues from the less voca[ti]onal disciplines. What is [su]rprising is that Mr Dixon, in [hi]s annual comparison of [un]iversities, never seems to [m]ake any allowance for the [ve]ry considerable differences in [su]bject "mix" which exist—[m]ostly for perfectly good his[to]rical or geographical reasons —between universities. In fact, [a] large *part of* the variation [in] performance which he finds [is] attributable to this simple [co]nsideration.

The second factor concerns [th]e basis on which graduates [ar]e categorised as "not em[pl]oyed" or as in "temporary" [or] "permanent" employment at [th]e end of the calendar year in [w]hich they graduated. As Mr [Di]xon says, the definition of ["t]emporary employment" has [re]cently been changed as part of a continuing process aimed at producing more meaningful statistics. But even now, to lump together the first two categories and label them as "unemployable" is naive in the extreme. These two groups will, without doubt, include some graduates whose presence there *does not* reflect much credit on the institutions from which they came. But many more are there for perfectly good and sensible reasons: they wish (in some fields, they may even be expected) to acquire some experience of the "real" world before settling down to a "permanent" job, and who is to say that they will not then be the better able to give society a return on the investment it has made in their education. One would certainly expect to find differences here between subjects (and therefore between institutions), and it would not be so surprising to find differences between men and women graduates, arising from their respective appraisals of intended career patterns. Perhaps it is just possible that the much-maligned University Grants Committee, in seemingly failing to go overboard for Mr Dixon's crude criterion of "employability" when reaching *its recent decisions*, has actually been thinking rather more deeply about the real functions of university education, taking a longer-term view of the value of graduates to the community, and doing the best it could under very difficult circumstances.

(Professor) Graham Martin.
The University,
Canterbury, Kent.

Today's Events

GENERAL

UK: TUC general council meets.

Mr Patrick Jenkin, Social Services Secretary, gives opening address at "Protecting the Pensions of Job Changers" seminar, organised by Westminster and City Programmes, Europa Hotel, London.

PARLIAMENTARY BUSINESS

House of Commons: Supply Day debate on the Navy. Outstanding votes. Contempt of Court Bill (Lords amendments). Co-operative Development Agency (Grants) Order. Undertakings on Highlands and Islands Shipping Services. North of Scotland Hydro-Electric Board Order.

House of Lords: British Nationality Bill (committee). Atomic Energy (Misc. Provisions) Bill (Third Reading). Films (Quotas) Order, 1981.

Select Committees: Education. Subject: Secondary School curriculum and exams. Witnesses: Mr Nigel Spearing MP, Council for Educational Technology, Standing Conference of School Science and Technology Technical Educational Council. Room 6. 10.00 am. Scottish. Subject: Youth unemployment. Witnesses: Mr Alex Fletcher, Minister for Industry and Education at Scottish Office. Room 5. 10.30 am. Industry and Trade. Subject: Government reply to committee's import-export report and objectives for Multi-Fibre Arrangement. Witness: Mr Cecil Parkinson, Minister of State for Trade. Room 16. 10.45 am. Public Accounts. Subject: Relationship between Comptroller and Auditor General and Public Accounts Committee. Witness: Sir Douglas Henley, Comptroller and Auditor-General. Room 16. 4.00 pm. Energy. Subject: North Sea Oil depletion. Witnesses: British Petroleum. Brindex (Association of Independent Oil Exploration Company). Room 6. 4.15 pm.

COMPANY RESULTS

Final dividends: Arlington Motor Holdings. Control Securities. Danae Investment Trust. Hampson Industries. William Ransome. Wyndham Engineering. Interim dividends: Albion. Allied Textile Companies. Moorside Trust. Rights and Issues Investment Trust.

COMPANY MEETINGS

See Page 26

Dowty slips to £36.2m after setback in mining

LOWER performance by Dowty Group in the second half of 1980-81 more than offset the £1.66m pre-tax advance seen at midyear. This aerospace, defence and mining equipment manufacturer, finished the year to March 31 with taxable profit down £1.66m at £36.24m, following a setback in the mining division.

Sales were £316m, against £315m, with overseas and export content at £124m (£139m).

Sharply higher tax of £8.72m (£3.21m) left stated earnings per 50p share at 20.4p (25.7p) but the net total dividend is being stepped up to 5p (4.5p) by a 2.8p final. A one-for-two scrip is proposed.

Sir Robert Hunt, the chairman, says, however, that the board expects to improve the group's position during the current year. "There are positive signs of the beginnings of an upturn in demand for many of the group's industrial products where some restocking is evident and further export orders are expected for railway marshalling yard equipment," he states.

The aerospace and defence division will continue to make progress and its long-term prospects are excellent. The electronics side is maintaining steady progress and opportunities for relevant expansion are being pursued, the chairman states.

Mining export orders are at a reasonably healthy level, particularly in the U.S. where longwall mining continues to increase in this expanding market. Prospects for business with the National Coal Board are less clear due to reduced domestic power requirements with the consequent increased coal stocking and cash flow problems compounded by the Government's cash limit restraints.

Capital spending continued as planned during the year at £25.2m (£33.5m). The rise in working capital in the longer cycle aerospace division was largely offset by reductions in mining due to lower activity and only £8.4m (£21m) was required to contribute to a total investment of £23.9m. This was more than matched by funds generated from retained profits, depreciation and increases in provisions for deferred tax all resulting in a small cash inflow.

Sir Robert points out the new tax rules for allowances for capital expenditure and stock appreciation are less advantageous to the group.

Turnover and profit analysed by activity shows in £000s: aerospace and defence £138,437 (£103,707) and £23,848 (£16,288); mining £118,689 (£152,199) and £8,030 (£15,511); industrial £33,207 (£36,002) and £2,058 (£3,249); and electronics £25,863 (£22,465) and £2,514 (£2,367). The share of associates was £115,000 (£268,000) and interest payable was £324,000 (£217,000 receivable).

Current cost operating profit was up from £23.8m to £25m.

Although the year's home sales of mining equipment were about in line with the previous year, the second half was significantly below the first due to the imposition of strict cash limits on the NCB.

Export sales however, other than to China, increased significantly. A decline in sales and profits in the industrial division was due to the general recession and keen competition.

Redundancies and short-time working cost the group around £2m.

Lex, Back Page

HIGHLIGHTS

After a brief comment on the markets Lex moves on to consider the corporate news of the day. **Hanson Trust** popped up for further fund raising. This time Hanson is asking shareholders for £43.8m gross by a rights issue of convertible unsecured loan stock. Full year figures from **Dowty** yesterday showed a small downturn at the pre-tax level but of more long term significance the column concludes is the company's good growth prospects. Finally Lex looks at the annual figures from **British Gas**. Apart from Hanson the issue news front saw two additions to the unlisted securities market, **Subelectro** and **Thorpac**. Other major results yesterday include the preliminaries from **Hogg Robinson** and **RIT**.

Astra advances to £714,000

PRE-TAX PROFIT of Astra Industrial Group advanced substantially from £471,000 to £714,000 in the year ended April 30 1981.

This was because of increased profits of the property and investment division of £612,000 (£84,000) and lower interest charges of £221,000 (£331,000). Profits of the engineering and metals division fell from £718,000 to £323,000.

At the half-year stage this Midlands-based property and industrial holding company made taxable profits of £555,000 (£262,000) when the surplus from the property and investment division had increased to £467,000 (£126,000).

The directors say conditions make specific forecasts for the current year unwise but the scrap processing division—for which no profit was returned in the latest figures—is showing perceptible improvement. Also bank interest is not being incurred at the same rate because the company has repaid its term loan.

They say they intend to carry on reducing Astra's engineering interests as and when earnings from other sources allow.

The final dividend is being increased from 0.54p to 0.75p net per 10p share making a total for the year of 1.5p (0.79p).

There was a tax credit of £283,000 (nil) and an extraordinary credit of £232,000 (£58,000 debit). After distributions of £324,000 (£171,000) the surplus taken to reserves emerged at £905,000 (£242,000).

The earnings per share are stated at 4.62p (1.44p) and the shareholders' funds at 23.97p (19.43p) per share.

Acquisitions help push RIT to more than £9m

A MORE than £1m jump in the contribution from industrial and financial services interests helped RIT Ltd, formerly Rothschild Investment Trust, push taxable profit for the year to March 31 1981 up from £7.6m to £9.11m. Much of the growth arises from acquisitions over the past 18 months.

An increased final dividend of 10.5p net lifts the total to 13.5p (11.5p) and is being paid from stated earnings at 22.4p (18.9p) basic, or 22.1p (18.4p) fully diluted.

At year end attributable net assets stood at £123m (£99m) before conversion or £125m (£106m) after, for a per share equivalent of 469p (405p) and 463p (396p) respectively.

Total turnover showed a jump from £24.8m to £143.14m and an analysis of turnover and profit by activity shows, in £000s: investment dealing, underwriting and jobbing £46,946 (£4,628) and £2,449 (£1,858); equipment leasing £15,285 (£11,535) and £1,883 (£1,679); industrial and financial services £80,907 (£8,633) and £1,419 (£395); and investment holding profit £3,358 (£3,669).

After tax of £2.38m (£2.54m) the net surplus emerged at £6.73m (£5.06m) of which £807,000 (£178,000) went to minorities and £90,000 (£262,000) in preference dividends. Attributable revenue emerged at £5.83m (£4.62m).

Profit on a current cost basis is stated at £7.55m with adjustments for monetary working capital of £2.17m, depreciation £227,000 and costs of sales £136,000, less gearing of £974,000.

● comment

The rapid evolution of RIT in the past year or so has made the company into something of an enigma. The growth in assets per share has been mediocre; in the year to July 15, there was an increase of 16 per cent (on a post-conversion basis) at a time when the average investment trust would have been doing almost twice as well. A partial explanation is RIT's deepening commitment of resources to its own operations in financial services—as opposed to quoted investments. The test of this strategy will be the scale of growth in RIT's earnings from its industrial-financial side as the last phase of acquisitions washes out of the accounts. By the same token, it may become less appropriate to measure RIT against other investment trusts; but then a share price of 370p might make the earnings look a bit expensive (a fully taxed p/e well into the twenties seems plausible). For the present, an increased dividend restores the yield to a middling 5.36 per cent and the shares trade at a 26 per cent discount to assets.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Rero Needles	Nil	—	Nil	Nil	1.6
Astra Industrial	0.75	—	0.54	1.5‡	0.79
Dowty	2.8	Oct 19	2.5	5	4.5
Hogg Robinson Group	3	Oct 5	2.7	6	5.7
Ingersoll-Rand	Nil§	—	0.83§	—	3.32
Meldrum Inv. Trust int.	1.25	Aug 6	1.25	—	3.25
Rediffusion Television	47.35	Sept 16	26.82¶	62.35	26.82¶
RIT	10.5	Sept 15	9	13.5	11.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including 0.5p special interim. § Quarterly payments, U.S. dollars throughout. ¶ For 8 months.

Ingersoll-Rand loss of £4.72m

The U.S.-owned Ingersoll-Rand Company, manufacturer of rock drilling equipment, slipped further into the red in 1980 with a loss of £4.72m compared with a 1979 loss of £4.23m. Turnover increased from £69.42m to £79.62m.

There will be no dividend for the third quarter, in contrast to the steadily increasing payments of recent years. A dividend of 85 cents per $2 share was paid for the quarter to June 1 1981. In 1980 a total of $3.32 was paid in four instalments of 83 cents.

Interest payments fell from £2.56m to £1.51m and there was a tax credit of £32,613 compared with a debit of £28,150.

Current cost accounting shows losses at £6.64m.

Deanson slides into loss

For the half year to March 31 1981 Deanson (Holdings), printer and packager, fell from a £152,000 profit to a £53,000 loss. There was no tax this time, compared with a £3,000 charge previously.

At the attributable level the losses were £71,000 (£155,000 profit) after an extraordinary debit of £18,000 (gain £6,000). Depreciation of £70,000 (£51,000) was deducted before arriving at the pre-tax figure.

Sales for the six months dipped from £2.34m to £1.93m.

For the whole of 1979-80 pre-tax profit rose from £215,314 to £250,958. In the annual statement in February the directors warned that first-half profits would be down and a shortage of orders was continuing.

Subelectro coming to USM

Subelectro, a manufacturer of coin-operated video game machines, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 5.4m shares, 36 per cent of those issued, at 55p per share.

The £2.9m net proceeds will go to Mr D. W. F. Tulloch, the chairman, and his wife, who have provided all the shares in the placing. They retain a 64 per cent stake.

Mr Tulloch acquired a controlling interest in the company in February 1976. Turnover has grown from £85,000 in 1976 to £5.89m last year and £2.48m in the first 16 weeks of the current year. A pre-tax loss of £10,000 was recorded in 1976 but profits have grown to £1.2m last year and £506,000 in the first 16 weeks of this year.

At July 10 1981 the company had cash balances of £661,000 and bank overdrafts of £13,000. Net tangible assets at April 24 1981 were £1.2m or 8.06p per share.

Demand for video games grew very rapidly in 1979 and the first half of 1980. Subelectro's sales grew from 926 machines in 1978 to 2,291 in 1979 and 6,040 in 1980.

In the latter part of 1980, sales growth slowed significantly. Also, the average useful life of machines fell as users became more skilled and demanded fresh games more frequently. In the first 16 weeks of 1981, 2,544 machines were sold, indicating an improvement over 1980 but in June and so far in July sales have fallen below comparable 1980 levels.

Until recently, the company, which has approximately 25 major customers, has not sought export sales but has achieved a significant export order this year. Subelectro is also developing video versions of games that give rewards to players, such as fruit machines and expects to have them in production early next year.

Because of the wide fluctuations in orders, the directors have not made a profit forecast for the current year. They will, however, recommend a 1.92p final dividend and expect to pay 3.85p in dividends next year.

Of the 15m shares in issue, 6.6m are deferred shares which are held by Mr and Mrs Tulloch and which carry no rights to dividends until after 1983.

The placing is being made by Tring Hall Securities and brokers to the placing are Sternberg Thomas Clarke.

● comment

As if the recent reports from major video distributors such as Associated Leisure and Management Agency and Music were not clear enough, the Subelectro prospectus states the position in the simplest terms. "By the end of 1980, the boom conditions were over." It may be that the video industry, which the prospectus also describes as volatile, will settle down at a level of demand that is adequate to sustain small assemblers like Subelectro but this is far from certain. The company's directors will not even risk a general profit forecast for the current year. It is also a pity that, apart from a tardy move into video fruit machines, Subelectro does not seem to be taking advantage of its rapidly acquired financial strength to obtain a more stable earnings base. The public flotation might have been an occasion for injecting money into new growth areas rather than just enabling the chairman to realise large gains. At the placing price, the fully taxed historic p/e is over 14.

Midland Bank denies rumours of rights issue

Midland Bank, whose interim results are due on July 31, has denied persistent rumours that it was planning a rights issue.

The shares closed 4p lower at 328p and have fallen by 6.3 per cent over the last two days.

The stock market's concern about the possibility of a Midland rights issue stems from the group's proposed $820m acquisition of a majority stake in Crocker National, the 14th largest bank in the U.S. The acquisition, which still has to be approved by the Federal Reserve, will put pressure on the bank's capital ratios.

Since then, sterling has fallen by over a fifth against the dollar, which has inflated the cost to Midland by about £100m.

Diversified interests give Hogg Robinson year-end lift

DIVERSIFICATION of its interests has helped Hogg Robinson Group report improved pre-tax profits of £9.02m against £8.62m for the year to March 31 1981. Turnover rose from £38.16m to £45.31m.

In reporting the figures Mr Morris Abbott, chairman of this insurance broker, says: "The insurance industry worldwide is going through one of the most difficult periods many can remember. It is fortunate, therefore, that the group has diversifed its interests and it is from areas of specialisation, both in insurance, travel and other services, that it has reaped the most benefit in the past financial year."

He says Lloyd's underwriting agencies have again contributed well, and there has been a satisfactory improvement in the contribution from the overseas division.

The year-end pre-tax figure was struck after exceptional debits of £295,000 (£650,000). There was a tax charge of £4.17m (£4.06m), and after minorities of £593,000 (£500,000) attributable profit came out at £4.26m (£3.76m). Last time there was an extraordinary debit of £306,000.

The exceptional item is provision arising from operations in Uganda; last year it was provision against outstanding balances.

Stated earnings per 25p share are up from 11.83p to 12.5p. The final net dividend is raised from 2.7p to 3p for a total of 6p (5.7p).

● comment

Hogg Robinson's results were much in line with analyst's expectations. Adding back the exceptional item relating to a provision on its Ugandan operations, because of political uncertainties, full year results would have been comfortably above middle range forecasts. The strength of sterling cut profits by about £700,000 although the group's main brokerage profits are earned in the UK. Here, the recession pegged premium growth and with it brokerage income. Elsewhere the group faced increased competition and an overall softness in premium rates. Expenses on the broking side rose at an implied 21 per cent as acquisitions were absorbed. So broking profits showed a sharp fall from £3.3m to £2.02m. But the group was supported by a better performance from its underwriting activities, contributing over 30 per cent of the total group profits, due largely to the elimination of the effects of computer leasing insurance losses. The group has to digest the effects of its large U.S. acquisition, and while currency factors and the possibility of cost savings may help offset some of these factors, the Lloyd's underwriting account is not expected to be such a good performer. The group is expected to maintain at least its present level in the current year of around £9m pre-tax. At 114p, up 7p, the shares yield 7.7 per cent, and stand on a p/e of 10.

Progress for Standard Fireworks

The momentum of forward sales for this year's home trade is satisfactory and the directors face the future with guarded confidence, Mr Robin Napier, the chairman of Standard Fireworks, tells shareholders in his annual report.

He says the company is already committed to a number of substantial export orders, both now and later in the year, and is also occupied with work for the Government.

Manufacture and sales of industrial and agricultural pyrotechnics are continuing satisfactorily, the chairman adds.

Thorpac to get unlisted quote

Thorpac Group, a leading supplier of domestic deep freeze packaging and accessories, is joining the Unlisted Securities Market next week following a placing of 18.9 per cent of the equity by stockbrokers Heseltine Moss.

The company is issuing 386,750 new shares at 65p, raising £211,000 net of expenses for the company, and director Mr John Binder is selling 33,250 existing shares.

The new money will be used for the expansion of the freezer packaging and accessories business, on expanding the regional depot chain and on developing the recently formed frozen food business.

Thorpac was started in the early 1970s to develop freezer packaging and accessories. More recently it launched into containers for the microwave oven market and is a distributor for a range of upmarket American microwave ovens.

The company's major customers include major retail groups operating from 1,600 retail outlets. There are also 750 independents selling Thorpac products. The largest single customer takes 15 per cent of sales.

In October last year the company branched out into the frozen foods market with Montpellier which manufactures a range of fresh cream gateaux.

The five-year period recorded to March 31 1981 shows a rise in pre-tax profits from £23,000 to £171,000 on sales up from £654,000 to £2,050,000. This excludes Montpellier which made a loss of £20,000 from October to March.

The directors are forecasting a rise in profits for the current year to not less than £252,000 and a dividend of 1.82p per share.

● comment

Thorpac has had a very good run on the back of rising freezer ownership. It is estimated that half the country's households now own a freezer and the directors must now be hoping that the microwave oven will be the next area of rapid growth. Thorpac has got in on the ground floor of the microwave market with only 2 per cent of households so far boasting a microwave. The directors estimate that figures could expand to 25 per cent. However the tentative move into frozen foods looks a little more problematical. The food market cannot offer such sound growth prospects because any expansion plans Thorpac may harbour could put it up against the existing suppliers, and some very big names. Still profits are forecast to grow by 45 per cent this year supporting a fully taxed p/e of 12¼ at the placing price and a yield of 4 per cent.

Rediffusion TV lifts profit

PRE-TAX profit of Rediffusion Television, the major shareholder of the London weekday television programme contractor Thames Television, was £5.86m in the year to March 31 1981, compared with £2.83m for the eight months to March 31 1980.

The company made a trading loss of £18,793 compared with £7,894 profit on turnover of £36,683 against £23,961. Interest receivable added £4.55m (£3.01m) and the share of profits before taxation of the associated company (Thames Television) contributed £1.33m against losses of £188,357.

A final dividend of 47.3532p per £1 ordinary share is recommended, making a total of 62.3532p compared with 26.8153p.

Rediffusion Television, whose ultimate holding company is the British Electric Traction Company, retains £760,670 profit, compared with a retained loss of £188,357.

Poor weather hinders Whitbread

THE BREWERY industry is hoping for a heatwave this summer and a long, warm autumn. Mr Charles Tidbury, chairman of Whitbread, told shareholders yesterday that the weather has not helped in the six weeks since he wrote his annual report, but the group was "trading hard in a difficult situation."

Whitbread reported a pre-tax profit rise from £61.8m to £66.4m last year, with a jump of 26 per cent in the second half. Rationalisation and a switch from older, less efficient breweries to modern plants helped. So did savings from redundancies — which may have boosted pre-tax profits by £8m, although the resultant lay-off costs were charged after tax.

Mr Tidbury told a crowded meeting in the Porter Tun Room in the City of London's Chiswell Street brewing and office complex that it was a mark of Whitbread's confidence that it "is maintaining its investment programme which this year puts particular emphasis on the retail trade."

He said that the group had suffered some damage to pubs and off-licenses during the rioting of the past two weeks

Meanwhile, Sir Keith Showering, chairing Allied Breweries' annual meeting which, inter alia, sought shareholders' approval for a change of name to Allied Lyons, was confident of a "satisfactory result for the first half."

Sir Keith said that "the company is already four months into the current financial year and has made a good start."

He said the group was in "good shape to weather the effects of recession and persistently high interest rates as a result of its reorganisation of a three-divisional basis, with a combination of strong central financial control and a considerable degree of managerial devolution.

"The viability and success of our new arrangements," he said, "and, in particular the integration of Lyons, is most encouraging."

He also found encouragement in the way "all divisions held their own," and the success of the Australian investment which has brought the group a 20.9 per cent stake in Castlemaine-Tooheys, the largest brewer in Queensland. "And in the end, albeit sadly, the final resolution of our industrial relations problems in Ansells' Birmingham brewery."

SPAIN July 21	Price %	+ or —
Banco Bilbao	332	+5
Banco Central	357	
Banco Exterior	360	+5
Banco Hispano	303	+2
Banco Ind. Cat.	121	
Banco Santander	367	+10
Banco Urquijo	226	+1
Banco Vizcaya	356	
Banco Zaragoza	236	
Dragados	200	+2
Espanola Zinc	84	−1
Fecsa	66	
Gal. Preciados	44.5	
Hidrola	75	+1.5
Iberduero	56.7	−1.3
Petroleos	128	+6
Petroliber	90	
Sogefisa	89	
Telefonica	78	+0.5
Union Elect.	72.5	+2.8

Mercury Secs.

Lord Roll of Ipsden, chairman of Mercury Securities, said in his annual statement that given the great uncertainty which existed about a possible improvement in the economy and world trade, the future must be viewed with much concern.

"More than ever, therefore, strict financial prudence and the maintenance and development of a highly skilled, loyal and devoted staff remain of the highest importance."

Mercury had an outstanding team with which to face the problems of the future, he added.

Yesterday's report of Lord Roll's statement was ambiguously worded.

CENTRAL FINANCE OF JAPAN

Central Finance of Japan has arranged a £10m, 15-year convertible placement on the sterling domestic bond market. The semi-annual coupon has been fixed at 6¼ per cent and the conversion premium is just under 5 per cent.

The issue price has been set at par. Lead manager of the issue is Morgan Grenfell and Co. and the co-managers are Daiwa Europe NV, Nikko Securities Co. (Europe) and Tokai Kyowa Morgan Grenfell.

YEARLINGS UP

The interest rate for this week's issue of local authority bonds is 14¼ per cent, up ⅛ of a percentage point from last week.

A full list of issues will be published in tomorrow's edition.

MINING NEWS

Prieska profit 50% lower

BY GEORGE MILLING-STANLEY

LOWER COPPER prices and increased working costs combined to halve the profits of Prieska Copper Mines in the year ended June 30 1981. Net profits were R8.72m (£5.06m), compared with R16.94m last time.

Prieska is part of South Africa's Anglo-Transvaal Consolidated Investment (Anglo-Vaal) group.

Of the other mines in the group to report full-year results yesterday, the gold-producing Hartebeestfontein edged upwards to a new record of R135.32m, *against R135.19m* last time. Gold profits were boosted by the higher average price received in rand terms, although this was offset to some extent by a fall in the contribution from uranium and other operations.

Another gold producer, Eastern Transvaal Consolidated Mines, recorded a slightly lower net profit of R9.58m, against R10.03m. The suspension of slime retreatment operations during the period led to lower output, and the higher grade of 7.2 grammes of gold per tonne, up from 6.6 grammes, and the increased gold price were unable to compensate for this fully.

Results of Village Main Reef are not strictly comparable as the nature of the waste material treated was different between the two periods; but net profits emerged one-third higher at R2m.

The Anglo-Vaal mines also reported in detail on the June quarter. Prieska was again the feature, turning in a net loss for the period of R62,000, against a profit in the March quarter of R3.17m.

This arose largely because there were no export shipments from the mine during the quarter, with the result that sales of copper dropped to 7,027 tonnes from 42,632 tonnes, while zinc sales were 19,394 tonnes against 34,290 tonnes.

The group's antimony-producing Consolidated Murchison did much better than of late, with an increase of 11 per cent in net *profits to R876,000.* Income from antimony production was lower, but an increase in gold production and higher prices brought about the gain in overall profits.

Brighter news was provided by the group's marginal gold mine Loraine, where higher mill throughput combined with an improved gold grade to give net profits of R3.48m, up from R0.78m last time.

The mine is still in receipt of state assistance, but managed to turn the March quarter's operating loss on gold into a profit this time.

The group's net profits for the past three quarters are compared in the accompanying table.

	June qtr. R000	Mar qtr. R000	Dec qtr. R000
Hartebeestfontein	29,147	31,181	35,359
Loraine	*3,483	*777	2,732
Consd. Murchison	86	788	†1,019
Prieska	†62	3,168	3,959
East Transvaal	2,423	1,961	2,560
Village Main	502	311	341

† Loss. * After receipt of State assistance.

EZ fund raising

AUSTRALIA'S mining and metals processing EZ Industries has arranged a A$130m (£79m) production payment facility to provide the bulk of the funds required to develop its Elura lead-zinc-silver project near Cobar in Western New South Wales.

The loan is being funded by Continental Illinois of Chicago, the Bank of New South Wales, the Commonwealth Trading Bank, Toronto Dominion Bank and Banque Societe Francaise Europeenne, with Continental Illinois acting as manager and agent, reports our Sydney correspondent.

The actual recipient of the founds will be the Trustees Executors and Agency Company, which is in effect paying for a portion of Elura's output in advance.

The mine is expected to cost A$160m to develop, and EZ is considering bringing forward the projected start-up date of December next year.

Present plans are to build a mine and treatment plant capable of handling 1.1m tonnes of ore a year and producing 100,000 tonnes of silver-lead concentrate and 130,000 tonnes of zinc concentrate.

The facility represents EZ's third major fundraising this year. Last month the company announced a multicurrency Euroloan of A$80m, and before that a rights issue to raise A$66m.

CRA joins gold venture

THE EXPLORATION and development of the Wattle Gully gold mine and surrounding mining tenements are to go ahead, with new funds being provided by CRA Exploration, a subsidiary of CRA, the Australian arm of the Rio Tinto-Zinc group.

The other companies involved, Swan Resources, Gold and Mineral Exploration and Wattle Gulley Gold Mines, have been exploring the Victoria property for some time.

They have entered the new joint venture agreement with CRA Exploration because they have found that the property requires more underground exploration than was originally envisaged, and this has inhibited the generation of sufficient funds to permit proper exploration and development of the area.

CRA Exploration will spend A$1m (£0.6m) exploring the mine over the next 18 months, after which it can withdraw from the project or earn a 51 per cent interest by spending a further A$2m.

The company may also raise its stake to 60 per cent by foregoing its share of the operation's profits for a further 18 months.

Similar arrangements exist for the surrounding tenements. CRA Exploration will spend A$500,000 over the next 12 months, and may then take a 51 per cent stake by spending another A$1.5m.

Thereafter, its interest may rise to a maximum of 60 per cent with the expenditure of a further A$1m.

International round-up

The exploration company Australis Mining has reported some extremely good gold values at the East Norseman prospect in Western Australia. The company obtained a rich reading of 92.8 grammes of gold per tonne from one hole, falling to 51.1 grammes lower down.

Gold values at other holes ranged from 3.2 grammes per tonne to 33.5 grammes.

Australis is exploring the prospect with CRA Exploration, a subsidiary of CRA.

* * *

Another Australian explorer, A-Cap Development, reported a weighted average assay of 18.15 grammes of gold per tonne at the Dreadnought leases near Coolgardie, Western Australia. The highest individual reading was 31.65 grammes per tonne between 59 and 63.9 metres.

This interval also produced individual assays of up to 1.6 per cent copper, 4.5 per cent lead, 11 per cent zinc and 51.5 grammes of silver per tonne.

The drilling was not sufficiently close-spaced to permit any calculations of reserves at this stage. A-Cap said that further close drilling had been recommended by its consulting geologist because of the encouraging gold and silver values.

A-Cap has also announced a one-for-four rights issue at 12 cents a share, compared with the recent Sydney price of around 15 cents.

Aero Needles incurs deficit

DESPITE AN improvement in turnover from £7.71m to £8.34m Aero Needles Group finished 1980 in the red, incurring a pre-tax loss of £92,000, compared with a profit of £301,000. The deficit was after a £923,000, against £338,000, credit arising from loss of profits claim following serious fires.

At the interim stage, which covered the seven months to June 30, 1980 taxable profits were down from £233,041 to £100,053, after crediting an estimated £642,912 (£335,965) loss of profits claim.

The directors say that the "very disappointing" figures reflect the continuing serious difficulties the company is facing, both on account of its own particular circumstances and because of the general economic climate.

As a result of these factors they have deferred payment on all preference shares throughout 1980 and at the present time "do not feel it would be prudent to meet these arrears or to declare an ordinary dividend"—for 1979 an interim of 1.6p was paid but the final was omitted.

The current year continues to be difficult and the directors warn the group will incur a loss in the first half. They add that in the present economic situation it is impossible to forecast the year-end result or when they will be able to resume regular payment of dividends on all classes of capital.

Their main objective is to regain the group's position in the marketplace. All the actions they have taken in the past 18 months have been with this in mind.

The trading loss for the 12 months increased from £44,000 to £1.1m before loss of profits claim.

The pre-tax deficit includes tax recoverable for the year of £95,000 (£7,000).

There was an attributable surplus of £408,000 (£1.36m) after release of deferred tax on stock relief of £500,000 (£359,000). The comparable figure included an extraordinary credit of £698,000.

Stated earnings per 25p share were 7.53p (14p).

The directors say the report and accounts will be published later than usual as they considered it sensible to delay until the loss of profits claim had been agreed with the insurers.

Negotiations were completed early this month and the company has been advised that formal agreement has been reached with the insurers and final proceeds should be received shortly.

The group, formerly Abel Morrall, manufactures knitting pins and crochet hooks, hand sewing and hypodermic needles, displays and fixtures of wood, self-service haberdashery and handicraft products.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Albion, Allied Textile, Birmid Qualcast, Moorside Trust Rights and Issues Investment Trust.

Finals—Arlington Motor, Control Securities, Danae Investment Trust, Globe and Phoenix Gold Mining, Hampson Industries, Wyndham Engineering.

FUTURE DATES

Interims—	
CSC Investment Trust	July 27
De Beers Consolidated Mines	Aug 18
De Beers Industrial	Aug 18
Genl. Accident Fire Life Assrc.	Aug 11
Vantage Securities	July 28
Yeoman Investment Trust	July 23
Finals—	
AAH	July 27
Aeronautical Genl. Instruments	July 27
Diamond Stylus	July 24
Forminster	July 28
Gordon and Gotch	July 23
Norton and Wright	July 28
Norton (W.E.)	July 28
Regional Properties	Aug 3
Stirling Knitting	July 27
Wellman Engineering	July 23

Buoyant business for UK Provident

BUOYANT new life and pensions sales during the first half of the current year is reported by UK Provident, a leading mutual life company. New annual premiums climbed 23 per cent from £6.05m to £7.46m, while single premiums more than doubled from £4.27m to £9.77m.

The company reports two sectors of the market where business was extremely good. Self-employed pensions made a particularly good showing in both annual and single premiums, the latter rising by nearly two-thirds from £4m to £6.5m. The other sector was the company's direct mail offer to existing policyholders of its 150th anniversary special offer. This resulted in more than £1m of new annual premiums being received.

The company's savings contracts have maintained their growth during the period, *despite the recession,* with just over £3m being received on its lump sum Moneymax 10 year investment plan.

Success for its new marketing strategy is claimed by Target Life with single premiums over the first six months of this year trebling to £32.4m and annual premiums up by 18 per cent to £3.7m.

The company was acquired by RIT (formerly Rothschild Investment Trust) last year and adopted a new strategy based on an expanded direct sales force. Target Life opened a new marketing campaign in February of this year with emphasis on new products. The direct sales force accounted for £1.5m of the new annual premium business—40 per cent of the total—and this figure was nearly double the sales for the first half of 1980.

The success of the single premium business came from marketing of guaranteed income and growth bonds, although sales of unit-linked bonds expanded to £2.8m.

Scottish Amicable Life Assurance attracted £18.8m into its unit-linked investment bond in the four months since the company entered the unit-linked life field at the end of February. This success was primarily responsible for single premium business in the first half of the year rising tenfold to £25.9m.

The company also profited from the popularity in self-employed pensions, with single premiums from this business more than doubling to £4.8m. Executive pension single premiums rose by 75 per cent to £1.4m.

New individual annual premiums advanced by 28 per cent to £9.9m, with the self-employed pension plan Flexipensions, showing a 52 per cent rise. The company did well in the savings and mortgage markets, with annual premiums on flexible contracts rising by 30 per cent and on the home purchaser policies by 36 per cent.

Despite the recession, the society also achieved satisfactory results on its group pension business over the period. Total premium revenue on its main stream business rose slightly to £10.9m, while its managed fund subsidiary SCAMPI had a 30 per cent increase in premiums to £29.9m, with 33 new clients using the fund.

Total annual premiums on the society's Australian business advanced by 42 per cent to Australian $1.8m.

CMG increases bonuses

Another life company, Clerical, Medical and General Life Assurance Society is passing on to its policyholders, in the form of higher terminal bonuses, the benefits of capital appreciation of the investment held in the life and pension funds.

Like a few other life companies, CMG is not waiting until the year-end before putting up its rates.

From yesterday, the terminal bonus rate on death and maturity claims for individual assurance contracts was increased by adding another tier to the bonus structure. The previous system paid a bonus of £1.80 per cent of the sum assured for each year in force.

Now an additional terminal bonus of 10 per cent of attaching bonuses will be paid at the time of the claim.

The effect of this increase in terminal bonus is to lift maturity *values on 10 year contracts* by 3.2 per cent and by 5.5 per cent on 25 year policies maturing now.

On personal pension contracts, mainly for the self-employed, the terminal bonus rate is improved from £1 to £1.25 per cent of the total benefits paid for each year in force. The rate of retirement addition on directors pension plans is lifted by 50 per

ERF's capacity matched to current demand

With a return to reasonable trading conditions in the UK some time away the present capacity of ERF Holdings, the heavy commercial vehicle maker, is sufficient to meet foreseeable future demand.

However, in the longer term the company might have to reconsider its expansion plans, Mr E. P. Foden, the chairman, told the annual meeting.

The company anticipates some improvement in the economy in 1981. Meanwhile, its new product range based on lower weights and high fuel efficiency is being introduced

Weaker second quarter for Philip A. Hunt

Income from the continuing operations of Philip A. Hunt Chemical Corporation, the 63.5 per cent-owned U.S. subsidiary of Turner and Newall, dipped from $2.01m to $1.15m in the second quarter of 1981. This left the halftime total from these activities down from $3.46m to $1.31m.

Sales by the New Jersey based company were marginally up at midway with $55m ($54m) of which $28.6m ($27.7m) arose in the second quarter.

With losses on discontinued operations amounting to $123,000 ($108,000) for the six months, total net income came out at $1.18m ($3.35m). Comparatives have been restated to reflect change on stock valuation.

At the operating level, profit for the half year dipped to $4.16m ($5.67m) of which $2.92m ($2.59m) came in the second three months.

Hunt has reduced production costs and controlled general operating expenses, but overall sales volume, especially to the electronics industry, continues to be lower than expected. However, sales of photographic chemicals and dry electrostatic toners have improved substantially since 1980.

Shaw Carpets well placed for future

Mr James Hartley, the chairman of Shaw Carpets, tells members in his annual statement that although exports may now recover as a result of the more realistic pound/dollar relationship he sees no prospect of a marked improvement in the company's performance and profits in the short-term.

However, he believes the company remains strategically well-placed to seize opportunities as and when they arise.

Meeting, Ossett, near Wakefield, August 13, at noon.

ANGLOVAAL GROUP

Mining companies' reports – Quarter ended 30 June 1981

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures are unaudited.
Rate of exchange on 30 June 1981 R1,00 = £0,58 £1,00 = R1,73.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R8ST.

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each.

	Quarter ended 30 June 1981	Quarter ended 31 March 1981	Financial year ended 30 June 1981
Operating results			
Ore milled ... t	665 000	670 000	2 871 000
Concentrates produced			
Copper ... t	27 191	29 948	121 412
Zinc ... t	29 076	23 683	120 872
Concentrates despatched			
Copper ... t	7 027	42 632	114 427
Zinc ... t	19 394	34 290	123 314
Financial results	R000	R000	R000
Operating (loss) profit	(278)	3 083	8 300
Non-mining income	364	203	1 092
	86	3 286	9 392
Interest paid	148	118	671
Net (loss) profit	(62)	3 168	8 721
Loan repayments	1 280	—	2 563
Capital expenditure	1 178	1 375	5 697
	2 458	1 375	8 260
Development			
Advanced ... m	5 569	5 474	24 075

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 30 June 1981 are estimated at R127 000 (31 March 1981: R49 000).

General
The deepening of the Hutchings Shaft has been completed and the rock hoisting compartments commissioned.

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each.

	Quarter ended 30 June 1981	Quarter ended 31 March 1981	Six months ended 30 June 1981
Operating results			
Ore milled ... t	89 500	91 050	180 550
Antimony concentrates plus cobbed ore produced ... t	4 135	3 750	7 885
Antimony concentrates plus cobbed ore sold ... t	2 553	3 294	5 847
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges	2 288	3 035	5 323
Gold sales	2 574	1 773	4 347
Sundry mining income	60	15	75
	4 922	4 823	9 745
Working costs	4 050	3 970	8 020
Working profit	872	853	1 725
Sundry non-mining income	263	5	268
	1 135	858	1 993
Prospecting	259	70	329
Profit before taxation	876	788	1 664
Taxation	—	—	—
Profit after taxation	876	788	1 664
Capital expenditure	311	137	448
Dividend	—	—	—
	311	137	448

Operations
Production of both antimony and gold exceeded that of the previous quarter due solely to the trial re-treatment in the main plant of material from the arsenic middlings dam. Indications are that the flotation circuit is extremely sensitive to the quantity of arsenic material added, and the trials have therefore been temporarily suspended pending further testwork to ascertain the optimum rate of addition.

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Capital expenditure
Capital expenditure during 1981 is currently estimated at R2 000 000. Outstanding commitments at 30 June 1981 are estimated at R122 000 (31 March 1981: R180 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each.

	Quarter ended 30 June 1981	Quarter ended 31 March 1981	Financial year ended 30 June 1981
Operating results			
Gold			
Ore milled ... t	749 000	746 000	2 994 000
Gold recovered ... kg	7 554,70	7 833,00	31 426,50
Yield ... g/t	10,1	10,5	10,5
Revenue ... R/t milled	134,12	136,78	151,53
Costs ... R/t milled	51,61	51,27	50,38
Profit ... R/t milled	82,51	85,51	101,15
Revenue ... R000	100 455	102 039	453 678
Costs ... R000	38 655	38 251	150 848
Profit ... R000	61 800	63 788	302 830
Uranium oxide			
Pulp treated ... t	796 000	880 000	3 296 500
Oxide produced ... kg	122 061	138 087	485 949
Yield ... kg/t	0,15	0,16	0,15
Financial results	R000	R000	R000
Working profit – gold mining	61 800	63 788	302 830
Profit from sales of uranium oxide, pyrite and sulphuric acid	896	7 468	14 092
Non-mining income	4 570	2 843	10 691
	67 266	74 099	327 613
Interest paid, stores adjustment and service benefits	1 825	235	2 514
Net royalty receipts (payments)	595	(7)	1 110
Profit before taxation and State's share of profit	66 036	73 857	326 209
Taxation and State's share of profit	36 889	42 676	190 889
Profit after taxation and State's share of profit	29 147	31 181	135 320
Capital expenditure	5 602	4 199	16 823
Loans received/State Loan levy refunds	966	—	1 496
	4 636	4 199	15 327
Loan repayments	2 392	465	2 529
Dividends	58 800	—	114 800
	65 828	4 664	132 656
Development			
Advanced ... m	14 956	13 871	59 951
Sampling results on Vaal reef:			
Sampled ... m	2 308	2 108	10 994
Channel width ... cm	58	51	57
Channel value – gold ... g/t	37,5	28,7	28,3
... cm.g/t	2 167	1 464	1 615
– uranium oxide ... kg/t	0,44	0,46	0,43
... cm.kg/t	25,26	23,55	24,34

Ore reserves
The total ore reserve at 30 June 1981 is estimated as follows:

Tonnage ... t	14 508 000
Stoping width ... cm	115
Value – gold ... g/t	11,9
... cm.g/t	1 369
– uranium oxide ... kg/t	0,23
... cm.kg/t	26,14

The ore reserve was computed on a joint gold-uranium pay limit based on an estimated gold revenue of R12 658 per kilogram and on the estimated realisable value of uranium oxide.

Dividend
Final dividend No. 51 of 625 cents per share was declared in June 1981, making a total of 1 025 cents per share for the financial year.

Capital expenditure
Outstanding commitments at 30 June 1981 are estimated at R3 401 000 (31 March 1981: R4 265 000).

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each.

	Quarter ended 30 June 1981	Quarter ended 31 March 1981	Financial year ended 30 June 1981
Operating results			
Gold			
Ore milled ... t	76 000	78 000	301 800
Gold recovered ... kg	572,29	557,02	2 173,53
Yield ... g/t	7,5	7,3	7,2
Revenue ... R/t milled	97,25	92,45	100,92
Costs ... R/t milled	38,12	37,58	37,03
Profit ... R/t milled	59,13	54,87	63,89
Revenue ... R000	7 391	7 028	30 458
Costs ... R000	2 897	2 858	11 176
Profit ... R000	4 494	4 170	19 282
Financial results	R000	R000	R000
Working profit – gold mining	4 494	4 170	19 282
Non-mining income	135	141	799
	4 629	4 311	20 081
Prospecting expenditure and stores adjustment	300	151	671

Eastern Transvaal Consolidated Mines, Ltd. – *continued*

Profit before taxation	4 329	4 160	19 410
Taxation	1 906	2 199	9 826
Profit after taxation	2 423	1 961	9 584
Capital expenditure	910	338	2 129
Dividends	3 453	—	6 475
	4 363	338	8 604
Development			
Advanced ... m	1 826	1 762	7 470
Sampling results:			
Sampled ... m	1 252	1 134	4 708
Channel width ... cm	186	187	188
Channel value ... g/t	5,9	5,8	6,7
... cm.g/t	1 092	1 085	1 260

Ore reserves
The total ore reserves at all mines at 30 June 1981 are estimated as follows:

Tonnage ... t	1 318 700
Stoping width ... cm	157
Value ... g/t	10,7
... cm.g/t	1 675

The ore reserves were based on an estimated gold revenue of R12 658 per kilogram.

Dividend
Final dividend No. 62 of 80 cents per share was declared in June 1981 making a total of 150 cents per share for the financial year.

Capital expenditure
Outstanding commitments at 30 June 1981 are estimated at R52 000 (31 March 1981: R145 000).

Loraine Gold Mines, Ltd.

Issued capital 16 366 986 shares of R1 each.

	Quarter ended 30 June 1981	Quarter ended 31 March 1981	9 Months ended 30 June 1981
Operating results			
Gold			
Ore milled ... t	419 000	396 000	1 230 000
Gold recovered ... kg	1 613,00	1 308,53	4 385,55
Yield ... g/t	3,8	3,3	3,6
Revenue ... R/t milled	50,18	43,33	48,60
Costs ... R/t milled	47,51	44,92	45,92
Profit (loss) ... R/t milled	2,67	(1,59)	2,68
Revenue ... R000	21 025	17 159	59 779
Costs ... R000	19 906	17 789	56 485
Profit (loss) ... R000	1 119	(630)	3 294
Financial results	R000	R000	R000
Working profit (loss) – gold mining	1 119	(630)	3 294
Loss on sale of uranium oxide and pyrite	22	9	48
Non-mining income	397	344	1 019
State assistance	2 154	1 146	3 300
	3 648	851	7 565
Interest paid	72	9	85
Tributing royalty payable	93	65	488
Profit	3 483	777	6 992
Capital expenditure	3 753	4 878	11 532
Loans received	3 145	—	3 461
	608	4 878	8 071
Loan repayments	12	—	12
	620	4 878	8 083
Development			
Advanced ... m	6 491	4 862	17 422
Sampling results:			
"B" and "A" reefs			
Sampled ... m	222	50	316
Channel width ... cm	76	64	69
Channel value ... g/t	6,7	14,8	10,3
... cm.g/t	506	940	707
Basal reef			
Sampled ... m	522	470	1 362
Channel width ... cm	8	8	8
Channel value ... g/t	56,8	73,5	67,0
... cm.g/t	466	603	543
Elsburg reefs			
Sampled ... m	228	184	654
Channel width ... cm	105	108	105
Channel value ... g/t	8,4	7,5	7,0
... cm.g/t	877	816	733
Total – all reefs			
Sampled ... m	972	704	2 332
Channel width ... cm	46	38	44
Channel value ... g/t	12,3	17,8	14,2
... cm.g/t	571	683	618

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Outstanding commitments at 30 June 1981 are estimated at R22 689 000 (31 March 1981: R22 283 000).

Shaft sinking
The deepening of No. 5 Vertical Ventilation Shaft to 50 level was completed. The surface fans will be commissioned early in July 1981.

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.
22 July 1981.

UK COMPANY NEWS

Sangers told of new shareholder

BY REG VAUGHAN

Sangers, the loss-making pharmaceutical and optical concern, yesterday discovered it had acquired a major shareholder after a company called *Paget Agencies revealed it had* amassed a 14.76 per cent stake.

Paget and its associates have purchased a total of 1.4m shares of which 1m were acquired last Thursday. Sangers rose 4p to 81p yesterday valuing the holding at £1.13m and the entire Sangers equity at £7.68m.

Mr Crawford Graham, the Sangers chief executive, said yesterday he "knew nothing" about Paget and had "no idea" why it had purchased its stake. There had been no contact between the two companies.

He said Sangers' company secretary received a letter from Pickering Kenyon, solicitors acting for Paget, on Tuesday afternoon, notifying the company of the purchase.

The letter revealed that of the 1.4m shares 720,759 were in the name of Paget and the balance in the name of the associates. But none of the individual associates had a disclosable interest.

Mr Graham admitted to being concerned about the purchase. He said: "One is naturally concerned about something one does not know anything about." Sangers will be waiting for Paget to contact the company.

Paget's solicitors said yesterday that they had "no authority to make any comment whatsoever." But a statement is expected to be made by Paget *tomorrow*.

Apart from a small directors holding of 36,317 shares the only other significant holder is Scottish Amicable Life Assurance Society with 5.36 per cent.

Sangers plunged heavily into losses in the second half of 1980-81. Pre-tax profits for the full year were just £5,000 compared with £1.12m, on a turnover of £120m (£115m), and the final was omitted.

Apart from heavier interest of £1.12m (£639,000) the main drag on the group was the pharmaceutical division in Great Britain which made a pre-interest loss of £505,000 on a turnover of £74.2m.

At the time of the announcement of the results in June the shares fell 3p to 53½p.

HILL BRISTOL UNCONDITIONAL

The offer by a consortium headed by Mr A. M. Milne and other to acquire Charles Hill of Bristol has become unconditional and will remain open for acceptance until August 3.

Acceptances have been received in respect of 640,147 ordinary shares (54.7 per cent).

Braham Millar rejects Fieldwood's bid approach

THE BOARD of Braham Millar, the lossmaking mechanical engineering group, has rejected a bid approach from Fieldwood, *a private company which bought* 14.9 per cent of Braham last Thursday.

Fieldwood paid 18p a share in the market for its stake and approached the Braham board to see if it could secure agreement for a full offer at around that price.

The board rejected it as inadequate in relation to the asset value and "the action already taken to restore the company's profitability."

Braham also announced yesterday that it had exchanged contracts to sell two freehold properties at Brimsdown and Kendal for a total of £1.1m. Bank borrowings for the group are said to be £100,000.

The proceeds of the sales together with the value of the remaining properties is said to be worth 29p a share, giving a year end balance sheet asset value of 50p a share at the end of last March, the board claim.

In the market Braham's shares shed 1p to close at 20p.

MOONRICK HAS 85% OF MYSON

Acceptances of the cash offer by Moonrick for the ordinary shares of Myson Group not already held have been received from holders of 5,292,490 shares.

Moonrick now owns or controls 85 per cent of Myson's capital.

The offer has been declared unconditional and remains open for acceptance until 3.30 pm on August 4.

If all the ordinary shares are not acquired, Moonrick intends to meet to maintain Myson's share listing on the Stock Exchange.

BIDS AND DEALS

NEI increases its stake in APE to 15.8%

Northern Engineering Industries, the Newcastle heavy electrical equipment manufacturer, has further increased its stake in Amalgamated Power Engineering, the diesel engine, turbine and compressor group for which it launched an unwelcomed £25.6m bid a week ago.

NEI—which has said its bid of 140p per share will not be increased—yesterday purchased 3.75 per cent of the equity in the stock market (686,799 shares) at the bid price. This takes its holding up to 15.8 per cent (2.89m shares), all purchased in the market since the bid was made. The shares were unchanged at 140p yesterday.

The Amalgamated directors have already rejected the offer as "inadequate and not in the long-term interests of shareholders or employees." Holders have been advised to take no action on the bid. The directors plan to give their reasons for the rejection after the formal offer has been published.

Queens Moat Houses sells hotel for £1.9m

Queens Moat Houses, the fast expanding hotels and restaurants group, has sold the 66 bedroom Chateau Impney at Droitwich Spa for more than £1.9m cash. The hotel is being bought by a company to be operated by the current manager Mr S. Z. Raguz.

The company says that the cash raised from the sale will assist the group's expansion by both acquisition and by improvement and extension of existing units.

The group also announced yesterday the purchase of the freehold of the Elstree Moat House for £586,000. This 60 bedroom unit, with banqueting, conference and restaurant facilities, has been operated by the group since 1977. In that time the group has extended and improved the hotel's facilities and enhanced its profitability.

The hotel has been professionally revalued at £1.5m.

HAWKER SIDDELEY

Washington Engineering, a Hawker Siddeley company, has sold its Sundwel solar heating panel business to Sundwel Solar of Sunderland for £100,000 cash. Sundwel Solar will continue to manufacture and sell the Sundwel solar heating panel.

Churchbury offer raised slightly

Churchbury Estates yesterday made a marginal improvement in its offer for Law Land.

The original bid of 10 Churchbury ordinary shares for each 62 ordinary Law Land was revised to one Churchbury for six in Law Land. The one-for-one preference share offer remains unchanged.

The Churchbury move arose when a block of Law Land shares became available on the market at 120p. The terms of the Takeover Code prevented the company from buying the shares for more than 116p—the value placed on them at the time by the original Churchbury bid—and they were instead purchased by Royal Insurance, London Trust and the Kuwait Investment Office.

Royal and the KIO are shareholders in Churchbury and are among those supporting the takeover attempt.

Between them, Royal and the KIO purchased, at 120.17p each, 1.16m ordinary shares in Law Land, accounting for about 3 per cent of the group's share capital. Churchbury, which at the time of the bid had a 9 per cent stake in Law Land, then said its approach was backed by *just under 40 per cent of the* shareholders.

Additional institutional shareholders in Law Land, accounting for about another 10 per cent of the equity, have said they will support the Churchbury bid if no other offer comes along.

JAMES FINLAY

James Finlay has issued 24,662 ordinary shares in consideration for the acquisition of 2,500 ordinary shares of Seaforth Maritime (Holdings) resulting from the conversion of convertible non-voting shares of Seaforth in terms agreed on the acquisition by Finlay of Seaforth in 1978.

Carpets International to cut back U.S. holdings

Carpets International, the troubled Kidderminster-based group which is Britain's largest carpet manufacturer, is planning to cut back its holding in U.S. manufacturing companies to realise some £1.74m.

Carpets—which has been rationalising its operations in the UK with the loss of over 1,400 jobs—proposes to dispose of 10 per cent of the common stock of its two partly owned U.S. carpet interests: Georgia Inc. and Carpets International-Georgia (Sales) Inc.

If the sale is approved by shareholders the consideration will amount to $3.25m. Prior to the sale, it is proposed that the two U.S. companies—in which Carpets currently has 51 per cent and 49 per cent of the stock respectively—should be consolidated into a new corporation called Interface Flooring Systems, which will continue the specialist manufacture of carpet tiles.

Following this move Carpets will hold a 40 per cent stake in Interface.

Carpets reported a loss of £6.4m for 1980 and passed the dividend. This compared with a 1979 profit of £2.02m and a payment of 2.5p. One of the two profitable areas in the world was America where Carpets Georgia showed a big profit increase.

When the results were announced the group also revealed that the group was set to realise £2m to £3m on sales of sites that have become available as a result of the rationalisation moves.

NO PROBE

The acquisition of Maguire and Paterson by Allegheny Ludlum Industries is not being referred to the Monopolies Commission.

BPC and Solicitors Law end Oyez purchase talks

DISCUSSIONS between British Printing Corporation and Solicitors Law Stationery Society, regarding BPC's possible purchase of Solicitors Law subsidiary Oyez Press have been terminated by mutual agreement.

Solicitors Law managing director Mr John Swanborough later said that the deal had been virtually completed with only the "t's to cross and the i's to dot—but we were short of the odd dot."

Talks had broken down over the possible £2m deal over the Oyez printing works at Bermondsey. Solicitors Law wanted BPC to take over the lease of the property, while Mr Robert Maxwell, chief executive of BPC wanted to rent only part of the building. This would have left Solicitors Law with part of the building they no longer wanted, said Mr Swanborough, and even then the rent could not be agreed.

STERLING OFFER UNCONDITIONAL

Sterling Credit Group's offer for Winston Estates has gone unconditional. Resolutions required under the terms of the offer have been passed at EGMs of both companies.

In addition, Sterling's new 3.5 per cent convertible redeemable cumulative preference shares have been admitted to the Official List. Dealings in units of one new preference share and one warrant will commence today. Separate dealings will start on September 28.

The offer has been accepted in respect of 95.41 per cent of Winston's ordinary capital, and will remain open until further notice. Sterling has received Court sanction for its capital reorganisation.

GRUNDY/BRITISH TECHNOLOGY

British Technology Group has agreed to invest £235,000 in Grundy Business Systems, a private sector partner which will produce and market the Newbrain hand-held microcomputer, developed by Newbury Laboratories.

The Newbrain's development has been substantially helped by finance from NRDC.

Under the terms of the agreement, British Technology will receive a 30 per cent equity shareholding in Grundy.

ARMITAGE BROS.

For £270,000 cash, Armitage Bros has acquired Woodside Animal Foods, a company trading as pet products suppliers and wholesalers in SE London.

Latest accounts available for Woodside are for the year ended October 31 1980, when the value of assets was £135,130 and the profit before tax and extraordinary items for that year was £54,137.

A. BROWN & SONS/

The offer by Sonashaw Securities for 20 per cent of the ordinary share capital of A. Brown and Sons has closed with acceptances on 37,247 shares representing 11.63 per cent of the equity.

● NEWS ANALYSIS—HANSON TRUST RAISING £43M

Rights may be prelude to more major bids

IF Hanson Trust's recent history is any guide, its £43.8m rights issue may be the prelude to some substantial acquisitions.

For example, within a year of its June 1972 £8.3m rights issue, Hanson embarked on a major U.S. acquisition programme, built around the highly successful Seacoast fishing company.

The next rights issue in July 1975 raised £8.7m and within a month the group was back in the U.S. spending £16m to buy the specialised textile division of the U.S. group, Indian-Head. It followed that up with Hygrade Food Products, the large meat packing and processing company.

In July, 1979, the group raised £17.4m in a rights issue and two months later made a successful £25m bid for Lindustries, the UK textile and engineering group. Early this year, Hanson completed its largest ever acquisition, that of McDonough, a U.S. group in cement, footwear and hand-tools, for £74m, subsequently selling the cement and concrete assets for £25m.

Most of Hanson's acquisitions have been extremely successful. U.S. profits, for example, have grown from £3.6m in the year ended on September 30 1974 to £18.6m, almost half the group total, last year.

Return on capital employed declined from 27 per cent in 1974 to a low of 23 per cent in 1977 and recovered to 27.1 per cent last year.

The company's strategy has been to develop basic businesses, avoiding high technology and *mass retailing. At the annual* general meeting last January, Sir James Hanson, chairman, reaffirmed this strategy, saying the company would seek increased investment in energy and other basic commodities, such as bricks and meat.

Part of the company's success as a bidder may arise from its disciplined approach to pricing. It has frequently allowed its bids to fail rather than get caught in bidding battles. Only two weeks ago, its £12m offer for G. H. Downing, the UK bricks and building materials group, failed as Steetley moved in with a higher bid. Earlier this year, it took a £1m loss on its investment in Central Manufacturing and Trading rather than get into a bidding battle with Caparo. The 1979 successful bid for Lindustries followed a rejected one two years earlier and an attempted £75m takeover of Barber Oil in the U.S. in the same year failed because Barber became impatient over delays in disposing of its shipping division.

The shape of the group has changed enormously since 1973. At that time, its £8.2m profits came almost entirely from the UK, and mainly from bricks, construction equipment and property. Today, the group is divided into agriproducts divisions and industrial products divisions in both the U.S. and the UK.

Last year, UK industrial *services contributed £18.5m to* profit, U.S. industrial services £12.1m, U.S. agriproducts £8.8m and UK agriproducts £0.8m.

Hanson is saying very little about its plans for the £42.7m net proceeds of yesterday's issue, except that the pursuit of its long-established policies will continue.

These are, according to Mr Martin Taylor, a director, to grow both organically and by acquisition in both the U.S. and the UK. The group seeks parallel development in the two countries, and is not interested in expanding in any other countries.

The rights issue comes only two weeks after Hanson raised its stake in the UK battery group, Berec, from 3.7 per cent to 14.92 per cent in a market raid. At 90p yesterday, the market capitalisation of Berec is £59.4m.

Mr Taylor said yesterday that Hanson had no immediate intention to add to its holding in Berec, "nor are we undertaking not to add to our holding in the future."

Today's company meetings

E. Austin (London), 100, Old Broad Street, EC, 10. Bath and Portland, 20, Manvers Street, Bath, 12. Bremar Trust, 27, Sale Place W 12. British Benzol Carbonising, Post House, Pentwyn, Cardiff, 2.30. Bulgin, By-pass Road, Barking 3. De La Rue, Cafe Royal, W, 11.30. Ecclesiastical Insurance, Beaufort House, Brunswick Road, Gloucester, 1.45. Electra Investment Trust, Temple Place, W, 2.15. Geevor Tin, Pendeen, Penzance, 12.15. Highams, Wood Nook Mills, Accrington 12.30. Idris Hydraulic Tin, 65, London Wall, E, 3. London Prudential Investment Trust, 20, Fenchurch Street, EC, 12.45. MK Electric, Chartered Accountants Hall, EC, 12. Monks Investment Trust, Great Eastern Hotel, EC, 10. Plysu, 100 Old Broad Street EC, 12. Prudential Investment Trust, 20, Fenchurch Street, 12.45. Staveley Industries, 76, Shoe Lane, EC, 12. Stewart Enterprise, 45, Charlotte Square, Edinburgh, 2.30. Sumrie Clothes, Berkeley Road, Harehills, Leeds, 3. WGI, Ironmongers' Hall, EC, 11.30. Warren Plantations 9, Little Trinity Lane, EC, 12. Witan Investments, 11, Austin Friars, EC, 11.30.

Winding up orders for 29 companies

Compulsory winding up orders against 29 companies have been made by Mr Justice Dillon in the High Court.

They are: Blaidmain World Services; Archway Western; The London Contract Decor Co.; Coopers Road Services (Midlands); Meopalm.

Downland Mini Bus Services; Ronsil; Trestlegrade; Heath Insulation Company; Churchills Fashions of St Albans; Peter Voller; Panilette.

Derbyend: A.C. Shipping and Trading Company (Ipswich); Sichkey; Guarantee London Trust Company; Tenco Brooke Bond; Rag Trade; Infields (London).

Dudden Builders; Acme Thermic Specialist; Burnbrae Farms; M.S.M. Menswear; Anglo Color Compounds; Welland Publications; H. Tiffin and Son (Bournemouth); Primerale; Spacebuild; and Geimex.

DUNFORD AND ELLIOTT

Dunford and Elliott is giving notice to stockholders of redemption of the 5 per cent debenture stock 1975-85 (of which £302,276 is outstanding) at par, and the 7 per cent debenture stock 1967-82 (of which £159,200 is outstanding at £100½ per cent, on September 25 1981, together with accrued interest to that date.

SHARE STAKES

Pentos—Sun Life Assurance Society now holds 851,736 deferred ordinary (9.15 per cent).

Ferranti—Mr S. B. de Ferranti, a director, has disposed of 20,000 shares.

Dubilier—The National Coal Board Pension Fund nominees has acquired a further 100,000 ordinary shares and now holds 2,830,000 shares (11 per cent).

I. J. Dewhirst Holdings—Company reports following disposals by its directors: A. J. Dewhirst, 100,000 ordinary; Mr M S. Dewhirst, 100,000 ordinary; Mr I. R. Dewhirst, 50,000 ordinary.

Sellincourt—Director Mr D. V. Pick has sold 47,000 ordinary shares.

Marks and Spencer—Company reports the disposal of 158,144 ordinary shares in which Mr S. J. Sacher, a director, had a beneficial interest.

PREMIER OIL

The annual meeting of Premier Consolidated Oilfields tomorrow will be held at noon, and not 10.30 as reported in the Week's Financial Diary.

Normand Elect. moves to combat depressed trading

THE DIRECTORS of Normand Electrical Holdings say the company's trading is very depressed. They are continuing their efforts to reduce costs—with staffing levels being cut by 8 per cent since the year ended February 28—and they are successfully controlling cash.

The group operates from seven locations in the UK and these are being reduced to five. A big saving in space required for manufacturing has been achieved by buying new plant and equipment. This reduction in factory square footage will give valuable overhead savings and a positive cash flow from the sale of the properties they say.

Current indications are that the company will be operating at a shade under breakeven for the first six months. There is no sign of an upturn in business but a return to only 70 to 75 per cent of order levels of the year ended in 1980 will enable the company to return to substantial levels of profitability.

The directors feel a forecast for the full year would be unwise at this stage.

Last year Normand—which manufactures electric motors, gear boxes and electronic and marine equipment—made pre-tax profits of £322,000 (£1.3m) on turnover of £13.92m (£16.36m).

ALEX. RUSSELL

Alexander Russell has acquired Gardner and Greenshields, the building trade merchants with depots in Glasgow and Edinburgh. The consideration of £73,827 will be satisfied by the issue of 28,935 Russell shares.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	10	19	—	—	—	—	$408
GOLD C	$425	5	7	26	26	22	43	"
GOLD C	$475	9	1.50	—	—	1	22 A	"
GOLD C	$500	—	—	—	—	1	15.50 A	"
GOLD C	$525	5	0.50	10	5	—	—	"
GOLD C	$550	8	0.50	13	2.50 A	—	—	"
GOLD P	$400	—	—	—	—	5	20	"
GOLD P	$425	4	25	—	—	—	—	"
		Oct.		Jan.		April		
ABN C	F.300	7	10	—	—	—	—	F.297
AKZO C	F.22.50	31	3.40	—	—	—	—	F.24.10
AKZO C	F.25	180	1.30	65	2.30	—	—	"
AKZO C	F.27.50	12	0.80	7	1.30	—	—	"
AKZO P	F.22.50	—	—	—	—	10	1.10	"
AKZO P	F.25	20	1.60	10	1.90	—	—	"
AKZO P	F.27.50	10	3.20	—	—	—	—	"
AMRO C	F.55	30	1.10	—	—	—	—	F.52.40
HEIN C	F.45	10	3.80	—	—	—	—	F.45.70
HEIN C	F.50	38	2.50	—	—	—	—	"
HEIN C	F.55	35	1	—	—	—	—	"
HEIN C	F.60	30	0.50	—	—	—	—	"
HEIN P	F.50	22	5	—	—	—	—	"
HOOG C	F.17.50	—	—	13	3.20	—	—	F.18.50
HOOG C	F.20	78	1.30	59	2	—	—	"
HOOG C	F.22.50	—	—	20	1.50	—	—	"
KLM C	F.80	11	18	—	—	—	—	F.95
KLM C	F.90	57	13	—	—	—	—	"
KLM C	F.100	23	7.50	—	—	—	—	"
KLM C	F.110	55	5.30 B	—	—	20	10.50	"
KLM C	F.120	86	3.30 B	47	6.30	—	—	"
KLM C	F.130	85	2	15	5 B	—	—	"
KLM C	F.140	37	1.60	36	3.50	—	—	"
KLM C	F.150	34	0.50	—	—	—	—	"
KLM P	F.60	41	0.60	—	—	—	—	"
KLM P	F.70	78	2.30	—	—	—	—	"
KLM P	F.80	72	4.50	—	—	—	—	"
KLM P	F.90	31	6.50	—	—	—	—	"
KLM P	F.100	91	10.50	25	12.50	—	—	"
KLM P	F.110	34	17.50	—	—	—	—	"
KLM P	F.120	14	26	—	—	—	—	"
NEDL C	F.140	11	4	22	6.30	—	—	F.134
NATN C	F.115	25	4.20	—	—	—	—	F.112.20
NATN C	F.120	15	1.80	—	—	—	—	"
NATN C	F.125	20	1.40	—	—	—	—	"
NATN P	F.120	12	9	—	—	—	—	"
PHIL C	F.20	115	2.90	—	—	—	—	F.21.80
PHIL C	F.22.50	349	1.60	108	2.40	11	3.10	"
PHIL C	F.25	241	0.70	71	1.60	69	2.10	"
PHIL C	F.27.50	77	0.30	52	0.90	—	—	"
PHIL P	F.20	10	0.50	—	—	—	—	"
PHIL P	F.22.50	11	1.30	—	—	—	—	"
PHIL P	F.25	58	3.30	—	—	—	—	"
PHIL P	F.27.50	—	—	12	5	—	—	"
RD C	F.80	51	10 B	—	—	—	—	F.87.80
RD C	F.90	85	4	21	6.50	—	—	"
RD C	F.100	65	1.40	11	2.70	—	—	"

TOTAL VOLUME IN CONTRACTS 5562
A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12½ %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½ %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½ %
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼% and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

LONDON TRADED OPTIONS

July 21 Total Contracts 1,963, Calls 1,856, Puts 107

Option		Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	c	280	16	2	36	20	46	3	294p
BP	c	300	2	11	21	34	36	1	"
BP	c	320	¼	6	12	97	25	2	"
BP	c	350	¼	—	6	—	12	3	"
BP	c	280	¼	2	4	—	8	6	"
BP	p	280	½	—	9	—	14	30	"
BP	p	320	26	—	28	—	30	2	"
BP	p	350	56	1	58	—	58	—	"
BP	p	410	116	—	116	—	118	37	"
CU	c	160	20	40	32	12	37	—	178p
CU	c	180	2	18	17	10	24	—	"
CU	c	200	—	—	11	15	15	—	"
Cons. Gld	c	420	29	3	49	5	65	—	445p
Cons. Gld	c	460	2	—	25	—	42	1	"
Cons. Gld	c	500	1	20	14	1	27	10	"
Cons. Gld	c	588	1	1	—	—	—	—	"
Court'lds	c	50	13	23	17	3	—	—	63p
Court'lds	c	60	3	12	9	26	13½	—	"
Court'lds	c	70	½	—	4½	20	8	60	"
Court'lds	c	80	¼	—	1	—	4	50	"
GEC	c	650	68	9	90	—	115	—	718p
GEC	c	700	18	33	53	7	75	—	"
GEC	c	750	1	—	25	7	47	—	"
Gr'd Met.	c	160	41	4	43	—	—	—	200p
Gr'd Met.	c	180	21	26	26	—	33	—	"
Gr'd Met.	c	200	2	6	15	2	22	—	"
Gr'd Met.	c	220	½	22	6	3	12½	15	"
ICI	c	220	41	25	52	—	—	—	260p
ICI	c	260	5	7	23	57	36	2	"
ICI	c	280	1	—	15	9	26	2	"
ICI	c	300	½	—	8	2	15	—	"
ICI	c	330	4	2	4	3	9	—	"
Land Sec.	c	288	37	1	50	—	58	—	325p
Land Sec.	c	312	13	13	30	2	39	—	"
Land Sec.	c	336	¼	—	16	19	24	—	"
Land Sec.	c	368	¼	—	6	2	13	—	"
Shell	c	360	6	11	24	1	36	—	364p
Shell	c	390	34	—	15	6	24	—	"
Shell	c	420	1	2	6	—	14	—	"
Shell	p	330	1	—	8	26	14	1	"
Shell	p	360	4	—	16	1	22	—	"
			August		November		February		
Barclays	c	460	6	6	15	2	27	—	436p
Imperial	c	60	2½	—	4	102	5½	8	60p
Imperial	c	70	¾	—	2	408	2¾	408	"
Imperial	c	80	½	—	¾	15	1½	1	"
Lasmo	c	550	35	6	65	—	90	—	559p
Lasmo	c	700	4	—	12	10	—	—	"
Lonrho	c	90	4	5	8	—	11	—	91p
Lonrho	c	100	2	—	4	2	6½	40	"
P & O	c	160	½	10	1¼	—	—	70	120p
Racal	c	390	21	6	43	—	58	—	405p
Racal	c	390	7	2	14	—	18	—	"
Racal	c	420	20	6	26	2	30	—	"
RTZ	c	500	36	5	53	—	77	—	515p
RTZ	c	550	10	6	33	1	48	—	"

C=Call P=Put

هكذا من الأصل

Citicorp's second quarter earnings fall by 40%

BY OUR NEW YORK STAFF

TICORP, the parent company Citibank, the largest U.S. nk in terms of assets, reported sharp 40 per cent decline in cond quarter earnings yesterday.

Although other major U.S. nks have reported large cond quarter earnings' clines, Citicorp's second arter downturn is much bigr than the average 25 per nt fall reported

The banks' downturn reflects e continuing impact of the mbination of high and volae interest rates. Moreover, the cond quarter of 1980 was exptionally favourable for U.S. nks because of its drop in .S. interest rates.

Citicorp's second quarter earngs before securities transtions totalled $106m. Alough this was 40 per cent down n the record $177m profit in e second quarter of last year, the latest profits were up 9 per cent on the first quarter of this year.

For the first six months of the year, income before securities transactions totalled $203m, representing a 22 per cent drop from the first half of last year.

Citicorp said net interest revenue rose by $76m, or 15 per cent, between the first and second quarter of this year. Net rate spreads increased from 2.21 percentage points to 2.49

For the first six months of this year net interest revenue was down 16 per cent from last year's levels and net interest spreads declined 0.62 of a point to 2.35 points.

The bank said that since interest rates in the first and second quarter averaged about the same levels and there was little volume change, the quarter-to-quarter improvement reflected the lower-interest-rate sensitivity of the bank's portfolio.

Citicorp also said the second-quarter decline from a year earlier was chiefly the result of net interest revenue falling by $126m, or 18 per cent, from the $708m earned in the second quarter of last year.

● American Express, the travel and financial services group, raised second-quarter earnings from $114m to $132m on revenues of $1.8bn against $1.6bn. This brought half-year earnings to $241m, or $2.61 a share, against $211m, or $2.38 a year ago. Sales for the six months moved up from $3.05bn to $3.42bn.

In fiscal 1980, American Express earned $376m, or $5.27 a share, and analysts on Wall Street have been predicting profits of about $5.75 a share for this year.

Eastern Air Lines reduces losses

By Lachlan Drummond in New York

EASTERN AIR LINES, the large Miami-based carrier, reduced its net loss in its second quarter to $4.6m from $15.9m despite a drop in its load factor as a result of increased capacity and the effects in June of the threatened air traffic controllers' strike.

However, Eastern managed a small operating profit of $2.2m for the three months, compared with the $12.8m loss in 1980, giving it a six-month operating profit of $16.1m, against $4.5m last time.

Revenues for the second quarter totalled $970.8m, compared with $850.8m, to give a six-month total of $1.93bn, against $1.7bn previously.

While the company's results were severely hit by the strike threat, the company also pointed out that the 1980 quarter was affected by a work stoppage which halted its Mexico operations in June.

The per share loss for the second quarter of 38 cents, against 70 cents, took the cumulative per share deficit for the half-year to 42 cents, compared with 61 cents

BOOST FROM DOMESTIC UPTURN

Dow recovers from first period fall

BY PAUL BETTS IN NEW YORK

DOW CHEMICAL, the second largest U.S. chemical company after Du Pont, reported yesterday improved second-quarter earnings reflecting an upturn in business conditions, particularly for the company's domestic U.S. operations.

Dow's better results are in line with the general trend in earnings reported this week by other U.S. chemical concerns, most of which enjoyed improved conditions in the U.S. market.

Dow's profits in the second quarter totalled $181m on sales of $3.07bn. The earnings were 37 per cent up on first-quarter profits when Dow earnings slumped sharply. Compared to the same quarter last year, second-quarter profits were flat.

The latest earnings also included a $21m gain from the sale of Dow's interest in the Magma Power Company which has been acquired by Natomas Corporation.

Sales in the second quarter increased 22 per cent from last year's second quarter and 6 per cent on the first quarter of this year.

For the first half, Dow earnings totalled $310m compared to $402m in the first six months of last year. This again reflects the chemical company's sharp first-quarter earnings decline. Sales in the first half amounted to $5.96bn compared to $5.33bn last year.

Mr Robert Keil, vice-president of finance at Dow, said yesterday that there had been an upturn during the spring in economic conditions in most of the countries in which Dow operates. But he said earnings from Dow Europe were depressed by the strength of the dollar and that business in the Far East was slow in those countries which depend on exports to the U.S. and Europe.

● Pfizer, the U.S. ethical drug company, has recorded earnings from continuing operations of $139.5m, or $1.85 a share, for the first six months of the year, compared with $122.6m, or $1.67, last time. Sales were $1.6bn against $1.4bn.

Second quarter profits from continuing operations was $64.7m against $57.4m on sales of $798m against $734.5m.

Losses connected with the withdrawal from diagnostic imaging reduced the 1981 total to $132.1m or $1.76 a share.

Wall Street analysts have predicted earnings of around $3.90 for the full year compared with $3.48 for fiscal 1980.

Mobil defends its Conoco bid

BY OUR NEW YORK STAFF

MOBIL REACTED strongly last night to the rejection of its $7.74bn cash and share bid for Conoco, saying it was astonished that Conoco could describe the rival Du Pont offer as financially more favourable. It also dismissed as "frivolous" Conoco's threat to institute legal action against Mobil's bid on anti-trust grounds.

Mr Rawleigh Warner, Mobil's chairman, said "we are astonished at these developments, and find it difficult to comprehend how Conoco's board can find the Du Pont offer, which is currently worth nearly $6 a share, or $500m in aggregate, less than Mobil's offer to be more favourable from a financial point of view."

Mobil has proposed to pay $90 a share, in cash for 51 per cent of Conoco's 86m shares, to be followed by an exchange of a new issue of preferred shares or debenture stock with a value of $90 for the remainder of Conoco's shares. Du Pont is offering $95 a share for 40 per cent of the shares, with an exchange of 1.7 of its own shares for each Conoco share to follow. The Conoco bard has apprved the Du Pnt offer but has come out strongly against Mobil's offer, and also against Seagram's $85 a share bid for 51 per cent of the company.

The value of Du Pon'ts offer for Conoco is highly dependent on the performance of its share price, which has settled at around $45 in recent trading, giving tshe proposals a price tag of about $7.25bn.

Mobil yesterday formally signed an agreement for a $6bn credit facility put together by Citicorp and including 41 international banks. The credit, a four-year erevolving arrangement, Carries a margin over of three eights of a point over London inter bank offered rate, rising to half a per cent when it takes on the form of a four year term loan.

Fourfold profit increase for Apple

By Our New York Staff

APPLE COMPUTER, the Californian maker of small personal computers, has posted a fourfold increase in net earnings for its third quarter on sales almost three times higher at $90.7m.

Net earnings for the quarter came to $11.8m compared with $2.7m in the corresponding period of 1980, taking the nine-month profit total to $28.4m against $8.1m. Sales for the nine months were well ahead, from $76.6m to $237.1m.

Mr A. C. Markkula, the president, said the improvement in the company's pre-tax margin from 23 per cent in the second quarter to 26 per cent in the latest quarter largely reflected lower prices for semi-conductor components and generally improved manufacturing efficiencies. In the second quarter the company's introduction of its Apple III computer was hampered by faulty components.

After nine months, earnings per share at Apple—which last year made its first public issue of stock to a rapturous welcome—totalled 51 cents compared with 17 cents, with the third quarter contributing 21 cents against 6 cents.

Hudson Bay Mining eyes Francana offer

By Our Financial Staff

RANCANA Oil and Gas of Calary said its parent company, udson Bay Mining and Smeltg of Toronto, is discussing ıying minority holdings in rancana for C$32 a share. alued at about C$104m JS$ 87m), the proposed transtion would represent about 25 er cent of Francana's 13m ıares outstanding.

Hudson Bay Mining conolled by Anglo American Corıration of South Africa, owns ɔout 58 per cent of Francana's ıares. Another Anglo Amerin unit, Minorca Canada, owns further 17 per cent

In a related development, Mr ernon van Sant, Francana's ıairman, said he is exploring ıe "reorganisation of Franına's Canadian oil and gas ıterests in line with Canadian ederal Government energy olicies."

EIB withdraws bond in face of declining prices

BY OUR EUROMARKETS STAFF

THE CONTINUED decline in Eurodollar bond prices forced the European Investment Bank to withdraw its $150m eight-year bond issue yesterday.

Originally indicated with a coupon of 15 per cent, the bonds were to have been priced today. Already last Friday it was clear that a deep discount would have been needed to sell the bonds to investors, and with Eurobond prices declining further this week, the EIB and the lead manager, UBS (Securities) decided to cancel the issue.

Dealers said there was fairly heavy selling of dollar bonds yesterday on the back of Monday's heavy falls in the U.S. domestic market. Prices shed about ½ of a point on average.

Prices also fell on the D-Mark and Swiss franc markets as the dollar rose on the foreign exchanges.

The first public issue in the D-Mark sector for nearly six weeks was launched yesterday for the World Bank through Deutsche Bank. The DM 200m 10-year bond carries a coupon of 10½ per cent, with an issue price of par.

Two private placements were announced in the Swiss franc sector. Kawasaki Line, the Japanese shipping company, has launched a SwFr 70m five-year convertible through Credit Suisse. The coupon has been fixed at 4⅜ per cent and the conversion premium at just under 5 per cent. Credit Suisse has arranged a SwFr 25m four-year straight issue for its Luxembourg branch with a coupon of 7¼ per cent.

Central Finance of Japan bulldog issue, Page 24

Modest gain at Abitibi-Price

By Robert Gibbens in Montreal

ABITIBI-PRICE, Canada's largest newsprint producer, earned C$66.7m (U.S.$55m) or C$3.07 per share, in the first half, against C$62.2m, or C$3.05 per share, a year earlier. Sales were C$885m against C$787m. The figures exclude extraordinary items.

Newsprint and groundwood mills will maintain a high level of operations in the third quarter, and fine papers and craft products should improve, the company said.

Steel operations boost for LTV

BY OUR NEW YORK STAFF

LTV, the U.S. conglomerate which is the third largest steel producer, has reported a jump in second quarter net earnings from 27.7m to $29.2m as a result of a sharp improvement in its steel operations and a solid contribution from oil drilling equipment.

Its steel operations were running at 95 per cent of capacity for the quarter and produced an operating income of $111m compared iwth only $6.7m last time with part of the improvement reflecting the depressed state of the steel indsutry last year.

The increase in earnings for the quarter came on revenues ahead from $1.38bn to $1.97bn and excluded a $3.2m loss from discontinued operations.

Earnings per share from continuing operations were $2.74m compared with 90 cents last time.

Net operating earnings for the half-year were $192m or $4.14 a share, against $56.9m or $1.86 a share for the same period last year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market :ists. For further details of these or other bonds see the complete list of Eurobond prices which ill be published next on Thursday August 13. Closing prices on July 21

S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
...n. Aur. 15¾ 86 (WW)	55	87	88	−0¼	−1⅛	15.97
...oco 13¾ 88	75	91½	92	−0¼	−1	15.28
...BC 14½ 84	185	96¼	96⅝	−0⅛	−1⅛	16.16
...3C 15¾ 86	75	98⅝	99¼	−0¼	−1	15.58
...IA 15¾ 96	75	94⅞	95⅛	−1⅛	−2⅛	16.11
...E 12¾ 91	100	85¾	86¼	−1⅛	−2	15.62
...icorp O/S 12 87	200	87½	88	−0⅛	−1⅛	15.13
...t'corp. O/S 15½ 84	175	99	99½	−0⅞	−1⅛	15.80
...pont Canada 13½ 91	65	92⅛	92⅞	−0⅛	−0⅞	14.95
...3 12¾ 89	75	86⅝	86⅞	−1⅛	−1⅛	15.90
...lorado 13¾ 86	50	91⅝	92⅛	−0½	−1⅛	15.77
...c. de France 13 88	125	88⅞	89⅜	−1⅛	−2⅛	15.73
...port Dv. Cpn. 9½ 86	150	79⅞	80⅜	−0⅛	−1⅛	15.88
...d. Bs. D. 12¾ 85 (N)	50	90	90½	−0½	−1	15.44
...d. Bs. D. 15¾ 84 (J)	40	100	100½	−0½	−0⅞	15.59
...Exp. Credit 10½ 85	50	84⅛	84⅞	−0⅛	−0⅛	16.14
...land, Rep. of 9½ 86	100	79⅜	79⅞	−0⅛	−0½	15.99
...rd Cr. O/S Fin. 15 84	150	99½	100	−0⅛	−0⅛	15.98
...d Cr. O/S Fin. 16 85	150	97⅛	97⅝	−0⅛	−0⅛	16.94
...e de France 13½ 88	80	93⅛	93⅞	−0⅛	−0⅛	15.50
...MAC O/S Fin. 12⅞ 88	100	88⅜	88⅞	−1⅛	−2⅛	15.76
...MAC O/S Fin. 14⅜ 87	100	96	96½	−0⅛	−1⅛	15.75
...n. Mts. O/S 11⅞ 87	100	86	86½	−0⅛	−1	15.29
...star 14⅞ 91	50	96⅞	97¼	−0⅛	−1½	15.32
...E Fin. 13⅞ 88 (WW)	50	95½	95⅞	−0½	−1½	15.13
...am Walker 16 86	50	101⅛	101⅞	−0⅛	−0⅞	15.46
...4 Wld. Trade 12⅞ 88	200	92⅞	93⅜	−0⅞	−1⅛	14.13
...M Wld. Trade 14¾ 84	100	99⅞	100⅜	−0½	−1⅛	14.65
...t. Bk. Canada 15¾ 84	40	98⅛	98⅝	0	−0½	15.89
...wfoundland 13½ 90	60	90⅜	90⅞	−0½	−1⅛	15.58
...va Scotia 15 91	75	96⅞	97⅜	−0⅛	−0⅛	15.50
...tario Hydro 13½ 91	100	91⅞	92⅜	−0⅛	−1⅛	15.06
...eb. Hy. 13 91 (WW)	100	85⅛	85⅝	−1⅛	−2⅛	16.06
...val Bk Canada 14 86	100	97	97½	−0⅛	−0⅛	14.79
...CF 13 91	75	89⅛	89⅝	−0⅛	−1⅛	15.13
...California 14 87	50	95⅛	95⅝	−0⅛	−1⅛	15.21
...California 14⅜ 88	50	97⅛	97⅝	−0½	−1	15.35
...n Handlsbk 13⅞ 88	45	90⅞	91⅜	−0⅛	−0⅞	15.84
...ed. Ex. Credit 13 86	75	90⅛	90⅝	−0⅞	−0⅛	16.10
...ed Ex. Cred. 15⅛ 86	50	98⅛	98⅝	−0⅛	−1⅛	16.06
...ronto-Dom. Bk. 14 84	50	95½	96	−0⅛	−0⅛	15.94
...cure O/S Fin. 14 86	50	93⅞	94⅜	−0½	−1⅛	15.81
...lls Fargo Int. 15½ 84	50	99⅞	100⅜	−0⅛	−0⅛	15.46
...rld Bank 10⅞ 87	300	80½	81	−0⅞	−1⅛	15.43
...rld Bank 14⅞ 86	500	95⅜	95⅞	−0½	−1	15.70

Average price changes... On day −0⅛ on week −1⅛

UTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
...an Dev. Bank 10 91	100	97⅞	98⅜	−0⅛	−0⅛	10.36
...stria, Rep. of 8¾ 92	150	87⅞	88⅜	−0⅛	−0⅛	10.12
...CA 7¾ 92	150	86	86⅝	0	0	9.95
...CA 10 91	120	99½	100⅛	+0⅛	−0⅛	10.00
...-Honeywell 8½ 90	125	87⅞	88⅜	0	−0⅛	10.49
...uncil of Europe 10 91	100	99⅝	100	+0⅛	+0½	10.05
... 8½ 90	200	89	89⅝	−0⅛	−0⅛	10.33
... 10½ 91	200	100⅞	101⅛	0	0	10.38
...COM 9¼ 87	100	90⅞	91⅛	+0⅛	0	11.31
...land, Rep. of 10 89	100	97	97½	−0⅛	−0⅛	10.49
...rduero SA 9 90	100	88	88⅝	−0⅛	0	11.10
...Bk. Finland 8½ 90	50	88⅞	89⅜	0	−0⅛	10.34
...Am. Dv Bk. 10 91	100	98½	99⅛	0	−0⅛	10.17
...an Air Lines 8⅛ 87	100	91⅞	92½	0	+0⅛	9.84
...an Dev. Bk. 7⅞ 87	100	89	89⅝	0	0	10.03
...c City of 8 90	100	88⅛	88⅞	−0⅛	0	10.00
...land Int. Fin. 8½ 90	180	89⅛	90⅛	0	−0⅛	10.28
...iebras 9⅛ 88	100	89	89⅝	−0⅛	−0⅛	12.03
...8 8⅞ 92	150	88⅞	87⅞	+0⅛	−0½	10.30
...o. City of 8⅛ 90	80	91½	92½	0	−0⅛	10.17
...nezuela, R. of 9⅛ 90	150	93⅞	94½	−0⅛	−0½	10.78
...rld Bank 8 90	700	86	86⅛	−0⅛	0	10.40
...rld Bank 10 86	150	100⅞	101⅛	0	−0½	9.64

Average price changes... On day −0⅛ on week −0⅛

...ISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
...ogort Paris 6½ 91	80	†96	96½	0	−0⅛	7.04
...E 6½ 91	100	94	94½	+0½	−0⅛	7.35
...er Int. Fin. 5⅞ 92	100	90⅛	91	+0⅛	−0⅛	6.42
...zen City of 6⅛ 91	40	100⅛	100⅝	0	0	6.71
...mn.-Tetterode 7 90	40	98⅛	99½	−0⅛	−1	7.09
...ZA 6¾ 91	80	97⅛	98	0	+0⅛	7.05
...mark 5⅞ 90	80	88⅛	88⅞	+0½	+0⅛	7.52
...me Petroleum 5⅛ 91	100	†84⅛	85	0	+0⅛	6.50
...t. de France 5⅞ 90	100	†90	90½	−0⅛	−1	6.70
...ofuma 5⅛ 92	80	98½	98⅞	−0½	−0⅛	5.92
...G H. Hypo Bk. 6 90	50	93	94	+0⅛	−0⅛	7.00
...land. Rep. of 5⅞ 90	80	†89	89½	+0⅛	+0½	7.29
...c. Petroles 6½ 91	80	95½	95⅞	+0⅛	−1⅛	7.13
...star 7 91	100	102⅛	102⅝	0	−0⅛	6.62
...Amer. Dv. Bk. 7 91	100	98⅛	98½	−0⅛	−0⅛	7.18
...an Dev Bank 5⅞ 90	100	94	94½	0	−1⅛	6.62
...Blanc Tunnel 5½ 90	60	90	90½	−0⅛	−0⅛	6.98
...vag 5¾ 90	80	91⅛	91⅞	−0⅛	−1⅛	7.02
...6 7 93	100	99⅛	100⅛	+0⅛	−0½	7.00
...c. City of 5⅞ 90	80	92½	93	−0½	−0⅞	6.94
...Los Lamos 5¾ 92	100	88⅞	89⅛	−0⅛	−0⅛	8.69
...ed. Ex. Cred. 7¼ 91	75	98	98½	−0½	+0⅛	7.52
...de Dev. Fin. 6⅛ 90	60	91⅛	91⅞	+0½	+0⅛	7.39
...st-Alpine 5⅞ 90	80	†90	90½	+1	0	7.24
...rld Bank 6 91	100	†93½	93⅞	−0½	+0⅞	6.93
...rld Bank 7 90	100	100	100⅛	0	−0½	6.97

Average price changes... On day 0 on week −0⅛

...N STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
...an Dev. Bk. 8⅛ 91	15	96⅛	97⅛	−0⅛	−0⅛	9.57
...stralia 6½ 88	20	85⅛	86⅛	−0⅛	−0⅛	9.41
... 7¾ 87	12	92⅛	93⅛	−0⅛	+0½	9.04
...ard 6.5 88	10	85⅛	86⅛	−0⅛	0	9.72
...land, Rep. of 8¾ 87	15	97	98	−0½	−0½	8.93
...Zealand 8¾ 87	15	97⅛	98⅛	−0⅛	−0⅛	8.78

Average price changes... On day −0⅛ on week −0⅛

...HER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
...l Canada 10¾ 86 C$	60	87	88	0	+0½	14.29
...C 13½ 85 C$	50	93⅞	94⅜	+0⅛	+0⅛	15.56
...C 11½ 85 C$	60	86	87	−0⅛	−0⅛	16.37
...eral Dev. 11½ 90 C$	60	†79	80	−0½	0	15.94
...Can. Inv. 10 84 C$	50	†84	85	−0½	−0⅛	17.36
...Bk. Canada 10 88 C$	40	87⅞	88⅜	−0⅛	−0⅛	13.44
...dom Cpn. 13½ 85 C$	30	†93⅞	94⅜	−0½	−0⅛	15.75
M. Bk. Dnmk. 9 91 EUA	25	†86¾	87¾	+0⅛	+0⅛	11.16
SOFTE 8⅛ 89 EUA	40	†85½	87	0	−1	10.96
U. Bk. Nwy. 9½ 90 EUA	18	†92	93½	−0⅛	−1½	10.81
Algemene Bk. 10¾ 86 Fl	60	95	95½	−0⅛	+0⅛	11.60
Amro Bank 12 86 Fl	75	101⅛	101⅞	0	+0⅛	11.54
Heineken NV 10 87 Fl	100	95¼	95¾	0	+1⅛	11.07
Nat. Nedrlndn. 10 88 Fl	60	95½	96	−0½	+0⅛	10.92
Ned. Midd. Bk. 10 85 Fl	75	94⅛	94⅞	−0⅛	+0⅛	11.68
Pierson 10¾ 86 Fl	50	93¼	94¼	−0⅛	+0⅛	11.98
Rabobank 12 86 Fl	50	101⅛	101⅞	+0⅛	+1	11.53
Air France 14½ 86 FFr	200	91⅞	92⅞	−0⅞	−0⅛	16.90
Bk. America 14½ 86 FFr	250	90⅜	91½	0	−0⅛	17.49
Charb'nages 13⅞ 85 FFr	400	88⅞	89⅞	−0⅛	−0⅛	17.43
EIB 14⅛ 88 FFr	300	87⅛	88⅛	0	−0⅛	17.38
La Redoute 14⅛ 85 FFr	125	86⅜	87¼	−0⅛	−0⅛	18.95
OKB 14 86 FFr	400	91	92	+0⅛	−1	16.72
Solvay et C. 14⅜ 86 FFr	200	95⅜	96¼	−0⅛	−0⅛	16.04
Swed. E. Cr. 14⅛ 86 FFr	250	87½	88½	0	−0⅛	18.58
U. Mex. Sts. 14 85 FFr	150	89⅛	90⅛	−0⅛	−0⅞	17.90
Acona 14 85 £	20	92⅞	93⅞	−0⅛	0	16.15
Beneficial 14⅛ 90 £	20	85	86	+0⅛	−0⅛	17.44
BNP 13½ 91 £	15	86⅜	87¼	−0⅛	−0⅛	16.18
CECA 13½ 88 £	20	88⅛	89	−0⅛	0	16.23
Citicorp O/S 13½ 90 £	50	92⅛	93½	−0⅛	−0⅛	14.93
Fin. Ex. Cred. 13¾ 86 £	15	91⅛	92	−0½	−0½	16.37
Gen. Elec. Co. 12¼ 89 £	50	86½	87⅛	+0⅛	0	15.56
Hiram Walker 14⅛ 86 £	25	93⅛	94	−0⅛	−0⅛	16.22
Privatbanken 14½ 88 £	12	90½	91⅛	0	−0⅛	16.81
Rothschild 14⅛ 90 £	12	92⅞	93⅞	−0⅛	−0½	15.68
Royal Trustco 14 86 £	12	93	93¾	−0⅛	−0⅛	16.06
Swed. Ex. Cr. 13⅛ 86 £	20	92	93	0	+0⅛	16.09
Akzo 9⅛ 87 LuxFr	500	89⅞	90⅞	−0⅛	+0⅛	11.46
Euratom 9⅛ 88 LuxFr	500	82⅛	83⅛	+0⅛	−1⅛	13.79
Eurofima 10½ 87 LuxFr	500	89⅞	90⅞	−0⅛	0	12.80
EIB 9⅛ 88 LuxFr	600	85½	86½	−0⅛	−0⅛	13.03
Volvo 9⅛ 87 LuxFr	500	85⅛	86⅛	−0⅛	−0⅛	13.06

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	97⅞	98⅜	18/12	16⅞	17.07
BBL Int. 5 88	0¼	99	99½	20/11	18.31	18.45
BNP 5½ 88	‡0¼	99	99½	29/7	18.44	18.56
CNT 5¼ 86	§0¼	99	99½	16/10	16.81	16.94
Christiania Bk. 5½ 91	‡0¼	97⅞	98⅜	5/8	17.31	17.64
Citicorp O/S Fin. 84	‡0	99	99½	29/7	18.69	18.83
C. Itoh 5¼ 87	0¼	98½	99	18/9	15.44	15.63
Co-operative Bk. 6 86	0¼	99⅛	99⅞	15/11	19.56	19.64
Den Norske Credit 6 90	‡0¼	98⅛	98⅝	5/8	17.31	17.60
Genfinance 5¼ 87	0¼	98⅞	99⅛	30/10	16.94	17.13
Genfinance 5¼ 92	0¼	98⅞	99⅛	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0¼	98⅛	99⅛	23/9	19.06	19.28
GZB 5½ 89	‡0¼	98⅛	99	1/8	17.31	17.53
GZB 5¼ 92	‡0¼	97⅛	98⅛	5/9	17⅛	17.60
Ind. Bank Japan 5¼ 87	0¼	99	99½	15/10	17.08	17.19
Ind. Bank Japan 5¼ 88	0¼	98⅞	99⅛	9/10	16.44	16.62
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	6/1	13⅛	13.99
Lloyds Eurofin 5¼ 92	0¼	98	98½	4/12	17.44	17.75
LTCB Japan 5¼ 88	0¼	99⅛	99⅝	13/12	17½	17.34
Man. Hanov. O/S 5¼ 94	‡0½	99	99½	30/8	19.06	19.21
Merrill Lynch O/S 87	0¼	99⅛	100⅛	7/8	20.44	20.46
Midland Int. Fin. 5¼ 92	0¼	98⅛	98⅝	5/12	17⅛	17.64
Midland Int Fin. 9 91	0¼	97⅞	98⅜	30/10	16.81	17.13
Nacional Fin. 6¼ 86	0¼	99	99½	25/7	17⅞	17.88
Nacional Fin. 5½ 88	0¼	96⅞	97⅛	25/9	14⅞	15.35
Nat. Bk. Canada 5¼ 88	0¼	97⅞	98⅛	24/9	14⅛	14.80
Nat. West. 5¼ 94	§0¼	97⅛	97⅞	14/10	16.19	16.58
Nat. West. 5¼ 91	0¼	98⅛	98⅝	15/1	18⅛	18.42
Nat. West. 5¼ 92	§0¼	97⅛	98⅛	23/10	16.81	17.18
Pemex 6 91	0¼	96½	97	8/10	15.31	15.83
Sparebanken 6 87	0¼	97⅞	98⅛	19/12	16.81	17.18
Standard Chart. 5¼ 90	0¼	98⅝	99⅛	3/9	17.06	17.26
Svenska Hndlsbk. 5 87	0¼	99⅛	99⅝	15/1	18⅛	18.24

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	96⅛	97⅛	−3	3.42
Bow Valley Inv. 8 95	4/81	23.12	108⅝	110⅛	−2⅛	10.94
Canon 6½ 95	1/81	829	174⅞	178⅛	−9⅛	−4.30
Credit Suisse 4⅛ 93	10/78	1236	79½	81	+0⅝	−2.15
Digicon Fin. 8⅞ 95	10/81	29.5	97½	98⅛	−0⅛	9.73
Fujitsu 5½ 96	7/81	732	110⅛	111⅛	−1⅛	5.78
Furukawa Elec. 5¼ 96	7/81	300	106½	107½	−5	−4.52
Hanson O/S Fin. 9½ 96	8/81	2.74	85½	87	−2½	0.61
Hitachi Cred. Cpn. 5 96	7/81	1966	95⅛	96⅛	−2	2.07
Ina Overseas 8⅛ 2000	4/81	42	103⅛	104½	−1⅛	1.15
Inchcape 8 95	2/81	4.55	68	69½	−0⅛	4.04
Marion Int. Fin. 9 95	12/80	15.5	79½	81	−0½	24.39
Marui 6 96	7/81	931	94⅞	95⅞	−4½	−3.40
Matsushita El. 7½ 95	11/80	520	93⅛	94⅛	−1½	2.08
NKK 6½ 96	7/81	188	120½	121½	+1⅛	35.13
Ricoh 6½ 95	8/80	604	152⅞	154⅛	−8⅛	−5.14
Sumitomo M. Ind. 7 95	2/81	181	145⅛	147⅛	−5⅛	−4.83
Swiss Bk. Cpn. 6⅛ 90	9/80	200	73½	75½	−0½	32.31
Taylor Woodrow 8⅛ 90	1/81	4.94	86⅛	87⅛	−1½	−0.29
Transco Int. 8⅛ 95	2/81	68	80½	81⅛	−1⅛	30.94
Tricorp 8½ 95	12/80	31.25	81⅞	83⅛	−0½	8.55
Union Bk. Switz. 5 89	2/80	70.79	75⅛	77¼	+1⅛	13.08
Sharp Cpn. 6½ 88 DM	9/80	595	199½	200⅛	−7⅛	−3.77
Uny Co. 6½ 85 DM	11/79	879.3	117⅛	118⅛	−0⅛	−3.15

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ADOLPH COORS

Second quarter	1981 $	1980 $
Revenue	244m	236.4m
Net profits	18.3m	25.15m
Net per share	0.52	0.75
Six months		
Revenue	433.6m	412.3m
Net profits	21.34m	37.73m
Net per share	0.61	1.08

AIR PRODUCTS & CHEMICALS

Third quarter	1980-81 $	1979-80 $
Revenue	387.6m	356.1m
Net profits	28m	28.9m
Net per share	0.98	0.95
Nine months		
Revenue	1.16bn	1.05bn
Net profits	97.2m	92.2m
Net per share	3.41	3.25

ALCAN ALUMINIUM

Second quarter	1981 $	1980 $
Revenue	1.32bn	1.31bn
Net profits	89.0m	137.0m
Net per share	1.09	1.70
Six months		
Revenue	2.61bn	2.6bn
Net profits	171.0m	285.0m
Net per share	2.10	3.53

AMDAHL

Second quarter	1981 $	1980 $
Revenue	107.9m	98.0m
Net profits	7.3m	2.0m
Net per share	0.35	0.12
Six months		
Revenue	203.4m	186.6m
Net profits	13.0m	2.8m
Net per share	0.63	0.16

AMERICAN ELECTRIC POWER

Second quarter	1981 $	1980 $
Revenue	1.05bn	830.0m
Net profits	73.1m	61.4m
Net per share	0.47	0.43
Year		
Revenue	4.07bn	3.48bn
Net profits	343.4m	329.7m
Net per share	2.31	2.34

ARIZONA PUBLIC SERVICE

Second quarter	1981 $	1980 $
Revenue	205.4m	174.2m
Net profits	39.55m	13.35m
Net per share	0.75	0.31
Six months		
Revenue	314.9m	267.1m
Net profits	69.21m	31.52m
Net per share	1.17	0.77

BAUSCH AND LOMB

Second quarter	1981 $	1980 $
Revenue	157.2m	148.3m
Net profits	13.35m	13.71m
Net per share	1.11	1.14
Six months		
Revenue	300.9m	282.2m
Net profits	14.09m	24.8m
Net per share	1.17	2.07

BROCKWAY GLASS

Second quarter	1981 $	1980 $
Revenue	204.5m	175.1m
Net profits	6.67m	4.79m
Net per share	0.90	0.65
Six months		
Revenue	388.7m	347.3m
Net profits	8.0m	10.29m
Net per share	1.08	1.39

BURLINGTON NORTHERN

Second quarter	1981 $	1980 $
Revenue	1.22bn	914.4m
Net profits	39.4m	41.6m
Net per share	0.99	1.47
Six months		
Revenue	2.44bn	1.82bn
Net profits	129.4m	118m
Net per share	3.32	4.30

BURNDY

Second quarter	1981 $	1980 $
Revenue	66.5m	66.4m
Net profits	5.95m	5.69m
Net per share	0.48	0.45
Six months		
Revenue	129.8m	133.6m
Net profits	13.18m	12.76m
Net per share	1.05	1.02

COLGATE-PALMOLIVE

Second quarter	1981 $	1980 $
Revenue	1.3bn	1.27bn
Net profits	49.4m	52.9m
Net per share	0.61	0.65
Six months		
Revenue	2.62bn	2.51bn
Net profits	94.5m	103.3m
Net per share	1.16	1.26

COMMONWEALTH EDISON

Second quarter	1981 $	1980 $
Revenue	837.7m	728.3m
Net profits	81.73m	76.81m
Net per share	0.52	0.55
Six months		
Revenue	1.75bn	1.51bn
Net profits	159.5m	149.8m
Net per share	1.01	1.06

CONE MILLS

Second quarter	1981 $	1980 $
Revenue	180.5m	189.1m
Net profits	9.32m	14.47m
Net per share	1.62	2.51
Six months		
Revenue	355.3m	378.8m
Net profits	16.47m	27.29m
Net per share	2.86	4.73

CONRAC

Second quarter	1981 $	1980 $
Revenue	35.7m	37.9m
Net profits	1.25m	778,000
Net per share	0.54	0.53
Six months		
Revenue	69.7m	75.2m
Net profits	1.47m	2.44m
Net per share	0.60	1.08

CROWN ZELLERBACH

Second quarter	1981 $	1980 $
Revenue	824.0m	757.0m
Net profits	21.0m	29.0m
Net per share	0.70	1.03
Six months		
Revenue	1.6bn	1.5bn
Net profits	39.0m	53.0m
Net per share	1.31	1.86

DONALDSON LUFKIN & JENRETTE

Second quarter	1981 $	1980 $
Revenue	68.5m	60.2m
Net profits	3.55m	2.53m
Net per share	0.35	0.28
Six months		
Revenue	132.4m	110.0m
Net profits	5.93m	3.95m
Net per share	0.60	0.44

ENSERCH

Second quarter	1981 $	1980 $
Revenue	821.6m	617.7m
Net profits	48.5m	33.8m
Net per share	0.89	0.63
Six months		
Revenue	1.65bn	1.31bn
Net profits	105.9m	79.1m
Net per share	1.99	1.51

ETHYL

Second quarter	1981 $	1980 $
Revenue	453.4m	440.5m
Net profits	23.59m	17.3m
Net per share	1.19	0.88
Six months		
Revenue	878.6m	879.1m
Net profits	44.13m	45.85m
Net per share	2.21	2.30

FEDERAL-MOGUL

Second quarter	1981 $	1980 $
Revenue	218.9m	177.6m
Net profits	11.43m	10.7m
Net per share	0.89	0.84
Six months		
Revenue	427.9m	351.0m
Net profits	20.06m	19.9m
Net per share	1.57	1.56

GENERAL PORTLAND

Second quarter	1981 $	1980 $
Revenue	85m	80.4m
Net profits	4.24m	7.65m
Net per share	0.61	1.10
Six months		
Revenue	159.2m	147.1m
Net profits	8.37m	13.51m
Net per share	1.21	1.95

GENERAL SIGNAL

Second quarter	1981 $	1980 $
Revenue	435.4m	384.6m
Net profits	28.6m	25.7m
Net per share	1.02	1.01
Six months		
Revenue	857.0m	762.6m
Net profits	57.3m	50.0m
Net per share	2.07	1.96

GIDDINGS AND LEWIS

Second quarter	1981 $	1980 $
Revenue	102.1m	102.9m
Net profits	8.36m	11.2m
Net per share	0.80	1.09
Six months		
Revenue	206.1m	193.5m
Net profits	17.4m	19.3m
Net per share	1.66	1.90

HOSPITAL CORPORATION OF AMERICA

Second quarter	1981 $	1980 $
Revenue	525m	333.4m
Net profits	25.96m	19.82m
Net per share	0.54	0.42
Six months		
Revenue	1.04bn	672.6m
Net profits	51.01m	43.81m
Net per share	1.20	0.94

HOUSTON INDUSTRIES

Second quarter	1981 $	1980 $
Revenue	753.7m	581.4m
Net profits	48.04m	39.89m
Net per share	0.70	0.68
Six months		
Revenue	2.7bn	2.06bn
Net profits	197.34m	162.48m
Net per share	3.07	3.03

INA

Second quarter	1981 $	1980 $
Revenue	1.5bn	1.33bn
Net profits	75.86m	74.09m
Net per share	1.62	1.84
Six months		
Revenue	2.88bn	2.52bn
Net profits	144.4m	138.4m
Net per share	3.48	3.45

INGERSOLL-RAND

Second quarter	1981 $	1980 $
Revenue	823.2m	699.2m
Net profits	38.3m	25.5m
Net per share	1.92	1.25
Six months		
Revenue	1.58bn	1.36bn
Net profits	76.0m	62.4m
Net per share	3.81	3.11

KELLOGG

Second quarter	1981 $	1980 $
Revenue	592.7m	539.0m
Net profits	46.2m	47.8m
Net per share	0.61	0.62
Six months		
Revenue	1.17bn	1.05bn
Net profits	96.4m	97.4m
Net per share	1.29	1.27

M. LOWENSTEIN

Second quarter	1981 $	1980 $
Revenue	158.8m	163.0m
Net profits	4.77m	1.3m
Net per share	1.43	0.40
Six months		
Revenue	299.7m	322.5m
Net profits	9.43m	3.38m
Net per share	2.83	1.02

MACMILLAN INC.

Second quarter	1981 $	1980 $
Revenue	104.28m	98.28m
Net profits	†1.36m	1.11m
Net per share	—	0.08
Six months		
Revenue	190.9m	187.2m
Net profits	†3.05m	†19.06m
Net per share	—	—

† Loss

MAYTAG

Second quarter	1981 $	1980 $
Revenue	99.1m	79.1m
Net profits	8.2m	7.5m
Net per share	0.58	0.56
Six months		
Revenue	213.7m	177.0m
Net profits	20.0m	18.3m
Net per share	1.40	1.37

MELVILLE

Second quarter	1981 $	1980 $
Revenue	660.5m	572.9m
Net profits	31.86m	24.53m
Net per share	1.23	0.98
Six months		
Revenue	1.15bn	1.01bn
Net profits	37.03m	31.68m
Net per share	1.43	1.26

MERCK

Second quarter	1981 $	1980 $
Revenue	744.3m	674.8m
Net profits	108.5m	110.4m
Net per share	1.46	1.47
Six months		
Revenue	1.46bn	1.32bn
Net profits	220.3m	2.117m
Net per share	2.96	2.82

MOHASCO

Second quarter	1981 $	1980 $
Revenue	168.4m	134.4m
Net profits	4.82m	†1.54m
Net per share	0.73	†0.24
Six months		
Revenue	317.4m	270.0m
Net profits	5.03m	1.52m
Net per share	0.76	†0.24

† Loss

NORTHWEST BANCORP

Second quarter	1981 $	1980 $
Net profits	29.96m	30.68m
Net per share	1.15	1.18
Six months		
Net profits	59.5m	57.75m
Net per share	2.25	2.23

N.Y. STATE ELECTRIC

Second quarter	1981 $	1980 $
Revenue	173.3m	148.1m
Net profits	22.7m	19.8m
Net per share	0.62	0.61
Six months		
Revenue	394.0m	341.2m
Net profits	52.8m	46.2m
Net per share	1.62	1.48

OHIO EDISON

Second quarter	1981 $	1980 $
Revenue	296.5m	252.8m
Net profits	35.02m	22.59m
Net per share	0.40	0.34
Year		
Revenue	1.15bn	1.04bn
Net profits	135.2m	150.6m
Net per share	1.49	1.89

PAINE WEBBER

Third quarter	1980-81 $	1979-80 $
Revenue	257.9m	259.2m
Net profits	3.27m	3.91m
Net per share	0.33	0.44
Nine months		
Revenue	780.2m	676.2m
Net profits	19.25m	706,000
Net per share	2.24	†0.14

† Loss

PITNEY BOWES

Second quarter	1981 $	1980 $
Revenue	353.5m	301.1m
Net profits	15.96m	14.68m
Net per share	0.89	0.86
Six months		
Revenue	675.8m	584.6m
Net per share	1.50	1.77

POLAROID

Second quarter	1981 $	1980 $
Revenue	339.1m	317.2m
Net profits	13.43m	15.01m
Net per share	0.41	0.46
Six months		
Revenue	615.3m	625.5m
Net per share	0.70	0.99

PUBLIC SERVICE INDIANA

Six months	1981 $	1980 $
Revenue	340.1m	314.0m
Net profits	61.85m	51.89m
Net per share	1.37	1.70

QUESTOR

Second quarter	1981 $	1980 $
Revenue	134.3m	118.1m
Net profits	4.25m	1.84m
Net per share	0.43	0.18
Six months		
Revenue	242.5m	219.8m
Net profits	5.63m	†1.49m
Net per share	0.57	†0.17

† Loss

REICHHOLD CHEMICALS

Second quarter	1981 $	1980 $
Revenue	254.3m	213.2m
Net profits	3.1m	204,000
Net per share	0.35	†0.08
Six months		
Revenue	493.1m	449.5m
Net profits	7.11m	4.38m
Net per share	0.82	0.42

ROHM AND HAAS

Second quarter	1981 $	1980 $
Revenue	546.4m	467.1m
Net profits	20.5m	27.0m
Net per share	1.59	2.10
Six months		
Revenue	1.02bn	902.8m
Net profits	52.4m	54.2m
Net per share	4.05	4.20

SANTE FE INDUSTRIES

Second quarter	1981 $	1980 $
Revenue	1.07bn	771m
Net profits	59m	61m
Net per share	0.67	0.70
Six months		
Revenue	2.13bn	1.6bn
Net profits	127.1m	113.3m
Net per share	1.44	1.31

JOS. SCHLITZ BREWING

Second quarter	1981 $	1980 $
Revenue	313.2m	289.7m
Neta profits	11.16m	10.09m
Net per share	0.38	0.34
Six months		
Revenue	545.5m	531.1m
Net per share	0.49	0.82

G. D. SEARLE

Second quarter	1981 $	1980 $
Revenue	234.7m	200.1m
Net profits	†3.18m	28.25m
Net per share	—	0.53
Six months		
Revenue	451.7m	387.4m
Net per share	0.36	0.96

SHERWIN-WILLIAMS

Second quarter	1981 $	1980 $
Revenue	399.1m	334m
Net profits	14.67m	9.88m
Net per share	1.45	0.98
Six months		
Revenue	707.3m	618.6m
Net per share	1.60	1.04

SMITHLINE

Second quarter	1981 $	1980 $
Revenue	478.1m	403.7m
Net profits	80.35m	68.62m
Net per share	1.21	1.04
Six months		
Revenue	950.9m	814.2m
Net per share	2.59	2.10

STAUFFER CHEMICAL

Second quarter	1981 $	1980 $
Revenue	377.2m	357.1m
Net profits	23.1m	20.1m
Net per share	0.52	0.45
Six months		
Revenue	1bn	940m
Net profits	†10m	89.7m
Net per share	2.52	2.04

UNION PACIFIC

Second quarter	1981 $	1980 $
Revenue	1.53bn	1.1bn
Net profits	85.68m	79.21m
Net per share	0.89	0.82
Six months		
Revenue	3.14bn	2.38bn
Net profits	163.2m	181.2m
Net per share	1.70	1.89

WHEELABRATOR-FRYE

Second quarter	1981 $	1980 $
Revenue	444.2m	258.8m
Net profits	23.0m	11.9m
Net per share	—	0.98
Six months		
Revenue	945.1m	504.9m
Net profits	42.8m	21.8m
Net per share	2.23	1.94

WESTERN FINANCIAL

Second quarter	1981 $	1980 $
Revenue	55.8m	43.2m
Net profits	†4.94m	†8.633
Net per share	†2.28	†0.04
Six months		
Revenue	102.9m	83.4m
Net profits	†9.93m	1.86m
Net per share	†4.58	0.83

Banque Rothschild moves to segregate operations

BY DAVID WHITE IN PARIS

BANQUE ROTHSCHILD, the principal concern of the French branch of the Rothschild family, is to separate its banking and industrial interests under a plan which would shield the latter from the Government's nationalisation programme.

The plan has been revealed just as the Government is preparing to appoint officials to report back on the affairs of the banks and companies due for takeover.

Although the bank said the restructuring measures were originally conceived in order to strengthen the financial base of the banking side of the group, they are clearly now seen as providing a negotiating position aimed at limiting the impact of nationalisation.

The scheme completely reverses a reorganisation carried out by the group at the end of 1978, before the introduction of Banque Rothschild shares on the Paris stock market. At that time the deposit bank was made into an umbrella company for the whole group's banking and industrial portfolios, absorbing the former holding company, Compagnie du Nord.

The present plan involves another reverse takeover, this time of Banque Rothschild's activities by the 90 per cent owned, loss-making subsidiary, Discount Bank.

As a result of this, the quoted company would be renamed and act as a holding unit for the whole banking side, for which the name Banque Rothschild would be retained. The other main banking interests are Compagnie Europeenne de Banque, Nord Financier and a joint venture with Fiat for vehicle financing.

Separately from these interests, which represent about two-thirds of group activity, a holding company would be set up to run Banque Rothschild's present portfolio interests, which range from mining and energy to transport, tourism and food.

The plan needs government consent as well as approval by an extraordinary shareholders' meeting. It is considered unlikely that this process will be completed much before the end of the year.

First reports of the project provoked a sharp reaction from branch representatives of the left-wing CFDT union. Fearing redundancies as a result of the operation, they have demanded that the Government send in a temporary administrator to put a stop to the reorganisation.

The bank hinted earlier this year that it wanted to dispose of some of its interests, after net profits of FFr 18.3m (£3.2m) against FFr 17.4m in 1979. The restructuring plan is designed to free the group from some burdensome commitments, notably in property.

The decision to carry out the reorganisation through Discount Bank is largely explained by fiscal considerations.

Plane sales to boost income at Lufthansa

By Our Financial Staff

LUFTHANSA confirmed at yesterday's annual meeting that it was heading for an operating profit this year.

The West German airline told shareholders that losses on flying would this year top the DM 114.9m ($47m) incurred in 1980, but explained that the impact of aircraft disposals would more than redress the balance.

To offset cost pressures, Lufthansa has been axing routes and putting an increased amount of business on charter. This has released 22 aircraft, the sale of which is expected to boost income this year by between DM 160m and DM 200m.

Last year the airline saw net operating profits slump to DM 5.5m from DM 67.5m. It scrapped its common share dividend and cut the preference payment from 6 per cent to 5 per cent.

The year's losses on flying of DM 114.9m compared with a 1979 surplus of DM 24.8m.

Dutch finance unit for Pirelli

By Our Rome Staff

PIRELLI SpA, the Milan-based holding company of the tyres and cables group, has set up a financial holding company in Rotterdam to co-ordinate the company's overseas borrowing.

The new company, Pirelli Finance (Holding), will act as a cash centre for the Pirelli SpA subsidiaries in France, Belgium, West Germany and the UK. The aim is to give the companies easy access to international finance.

Foreign demand underpins Kugelfischer sales rise

BY KEVIN DONE IN FRANKFURT

FAG KUGELFISCHER, one of the leading European bearings manufacturers, is being helped over the current recession by high order book levels and strong export demand resulting from the weakness of the D-Mark.

In the first six months of the year, the group achieved an 8.3 per cent increase in turnover to DM 1.25bn ($512m).

The rise has been achieved almost solely from the strong demand in foreign markets, with exports increasing by 16 per cent to DM 718m. Sales in the domestic market showed a marginal decline of 0.8 per cent to DM 528m.

The lion's share of group sales comes from anti-friction (rolling-contact) bearings and here turnover rose worldwide by 13 per cent to DM 989m in the first half.

The stagnation in home sales has been caused chiefly by the recession in the textiles industry, which in turn has hit demand for textiles machinery, for which Kugelfischer supplies accessory equipment. In this sector 2,300 of the group's domestic workforce have been placed on short-time working. The group has a worldwide workforce of around 30,300.

Italy to postpone bank capital injection proposal

BY JAMES BUXTON IN ROME

THE PLAN for new capital to be injected into six of Italy's state-owned banks, including the Banca Nazionale del Lavoro, has fallen victim to the Government's needs to restrain its spending.

As part of measures to keep Italy's budget deficit within its target for the year, Sig Nino Andreatta, the Minister of the Treasury, has decided to postpone payment of the L478bn ($392m) of new funds until next year.

For Banca Nazionale del Lavoro, Italy's biggest bank, the decision means that its capital will remain at L60bn, where it has been for 10 years, instead of being raised to L300bn.

The bank's deposits totalled L39,400bn in 1980 and its risk ratio—the ratio between its total assets and its own resources—is said by the bank to have damaged its operations abroad and restricted its functions

Other leading banks affected by the Government's move include the Banco di Napoli and the Banco di Sicilia.

However, a scheme to recapitalise the three important banks controlled by the state industrial holding company, IRI, has got off to a good start.

IRI is financing the doubling of the capital of Credito Italiano, Banca Commerciale Italiana and Banco di Roma by means of a L360bn convertible bond issue, which when converted will mean that IRI's share of the banks' capital will diminish. The bond was launched last week and was oversubscribed.

Ford plans redundancies in France

BY TERRY DODSWORTH IN PARIS

THE FORD motor company's French manufacturing subsidiary, based near Bordeaux, has announced plans to reduce its workforce after about 18 months of stagnating output.

No figure has been put on the number of redundancies Ford is looking for, but it is hoping to achieve several hundreds of voluntary redundancies as well as some early retirements. The unions are due to reply to the plan within the next month.

The Ford plant has aready seen its workforce drop sharply, from 4,200 employed there at its peak production period. Its present labour force of 3,400 has been on short-time work for well over a year, with many workers losing up to 100 days in 1980. They are likely to be even worse hit in 1981.

The biggest problem for the plant is its big automatic gearbox production unit designed to equip cars made in the U.S. and Canada. Because of the slump in the U.S. market, along with the trend towards smaller vehicles, output in the gearbox section has been cut until it is now operating at only 40 per cent of capacity.

A second unit on the site, producing front axles for the Fiesta and Escort models, has been less affected by the crisis, but is still working well below its full capacity.

Developing nations scramble for short borrowings

By Peter Montagnon, Euromarkets Correspondent

NON-OIL developing countries stepped up sharply their recourse to short-term bank loans in the second half of last year as their economies felt the combined squeeze of high oil prices and soaring interest rates.

Latest figures from the Bank for International Settlements (BIS) show that borrowing for periods of one year or less made up no less than two-thirds of the total growth in international bank lending during the period. In the preceding two half-years, it had accounted for only 40 per cent of the total.

The BIS says that Latin American countries raised a total of $23.1bn in bank loans in the second half of 1980, with 62 per cent of this total maturing in periods of up to one year and only 29 per cent maturing in over two years.

The proportion of short-term borrowing by Asian countries was even higher, at 77 per cent of total new loans of $6.2bn, while about half the new borrowing by African countries was also short term.

This development, the BIS says, reflects the lesser role played by the syndicated loan market last year in providing finance to the developing world, a factor which commercial bankers have noted in the past as indicating the degree of concern then prevailing over the longer term creditworthiness of this group of countries.

The extent of the squeeze which this imposed on the developing countries last year is also apparent from other figures recorded by the BIS which show that developing countries drew heavily on unused loan commitments in the second half.

Unused commitments to countries in Latin America declined by $2bn and those to Asian countries by $500m. African countries drew about $900m on their unused credit commitments.

But the BIS goes on to note that smaller developed countries had no trouble raising international bank finance in the second half of last year.

Total bank lending to this group went up by about $5.5bn, it says, with only 35 per cent accounted for by short-term loans. This group was also the only one to obtain an increase—of $3.2bn—in unused credit facilities.

The BIS figures on maturity distribution of international bank lending are broader in scope than the quarterly statistics on banking flows, partly because they include data from all foreign affiliates of U.S. banks throughout the world, and partly because of the inclusion of residual figures not allocated to individual countries in the quarterly statistics.

The latest figures thus show, for example, that Poland's total indebtedness to the Western banking system at the end of last year was $16.2bn, about $1bn more than the BIS' previous estimate. No less than $5.4bn of this was due for repayment this year.

Brazil's indebtedness to the banks at the end of last year was $45.7bn, with $16.2bn due this year, while respective figures for Mexico were $42.5bn and $18.8bn.

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WORLD TYRE INDUSTRY

Japan rolls through recession

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE tyre industry, like its counterparts in the West, is reeling under the crossfire of low demand at home and the soaring costs of raw materials. Tyre company executives are predicting profits will be down sharply again this year. Profits plummeted by an estimated 50 per cent in the first half from their level in the same period of 1980.

The longer term view, moreover, is for industry-wide growth rates of about half the per cent to 8 per cent of the last decade, faced with similarly depressing prospects, some U.S. and European makers are fighting to reduce their dependence on the tyre side of their businesses as soon as possible.

The Japanese, however, appear to be committed to an aggressive attempt to remain at the forefront of the world tyre industry. Ranking only second to the U.S. in annual output (130.4m tyres last year, up 12.8 per cent over 1979), Japan is applying its muscle to high-technology products (especially radial tyres) and as a result is beginning to make deep tracks in the world market.

There are six main tyre companies (lumped into four "groups") dominated by Bridgestone Tire, which enjoys both an overwhelming 50 per cent share of Japan's production, and greater (though still limited) brand recognition abroad than the others. Yokohama Rubber, with roughly 20 per cent of the market, is second. The other four companies have found it necessary to form two groups for protection against the deep recession now being weathered. Sumitomo Rubber this year formed one group with Ohtsu Tire and Rubber. Nitto Tire and Toyo Rubber agreed to co-operate in 1979. Japan's anti-trust laws inhibit outright mergers, because of already concentrated market shares.

The industry's dilemma is perhaps best illustrated by what has happened to demand in the home market so far this year. Tyre makers are anxious to pass on to consumers the 30 per cent rise in overall costs absorbed over the past couple of years, since the second oil crisis. Sales in the home replacement market (roughly one third of the total) however, have dropped 10 per cent.

Fierce competition has meanwhile driven prices down by 4-5 per cent, cutting deeply into profits. Even if sales pick up later this year (a dim prospect for the moment), profits for the industry are likely to be down 20-25 per cent.

With demand from the motor industry relatively flat so far, the only bright spot has been exports, not including tyres on cars shipped overseas. As it turns out, the Japanese industry finds itself particularly well positioned to exploit this area.

Japanese companies have shared the universal problem facing the world tyre industry. As a parts supplier, its success or failure hangs on that of the motor industry, which is currently doing badly. Tyre making remains a highly labour intensive activity, and in Japan reducing the labour force is made difficult by a tradition of lifetime employment, though some companies have used natural wastage to pare down the workforce. Moreover, there is no escaping a heavy dependence on oil as a basic raw material.

While Japanese companies have resorted to advertising drives, it is hard to gain any edge over the competition. "All tyres," as one executive remarks, "are round."

A number of attributes common to all Japanese companies, however, seem to be helping the industry stand up to the present bad times. The key traits are a knack for efficiency and energy conservation, and an ability to adopt wholeheartedly foreign technology. All these factors have combined to produce a remarkable record in productivity.

The tyre industry (80 per cent of the less efficient rubber processing industry as a whole) has achieved an increase in productivity averaging 7.5 per cent a year since 1971, against an average for 20 selected industries in Japan of 5.6 per cent per annum.

Japanese tyre industry sales and profits

	Sales 1979 Ybn	Sales 1980 Ybn	Net profit 1979 Ybn	Net profit 1980 Ybn
Bridgestone	434.3	517.6	25.3	24.5
Yokohama	171.9	207.7	4.5	1.5
Sumitomo	119.7	152.1	3.6	3.65
Toyo	120.7	153.8	1.96	1.5
Ohtsu	37.5	44.1	4.20	*2.5
Nitto	22.8	20.0	*0.58	*0.10

* Loss.

According to one calculation, Bridgestone Tire and Yokohama Rubber obtained $88,333 and $82,351 respectively, in sales out of each employee in 1979. Dunlop, the UK maker, achieved (before its split with Pirelli) only $36,911. B. F. Goodrich of the U.S. came closest to the Japanese with $70,786 in sales per person.

Japan's record in energy conservation is also impressive. In 1980, while rubber production rose 11.5 per cent to 784,120 tonnes of new rubber, the second highest in the world, the industry's electricity and fuel oil consumption rose only 4.5 per cent and 4 per cent respectively. Since 1972, before the oil crisis, energy consumption has been cut by 26 per cent in relation to production in electricity and 57 per cent in fuel oil.

A great deal of this success can be attributed to the fact that, in Japan, the future for radial tyre technology was recognized as early as 1967, when Michelin of France still dominated the smallish high technology end of the market.

U.S. producers, to their present regret, relied on older, conventional tyre technology and on increasingly vintage equipment. Japan's production of the more fuel efficient and increasingly popular radials topped 50 per cent of all Japanese output by 1977, and rose to 65.4 per cent last year. The result is seen most clearly in the fact that while the U.S. has seen about 20 tyre plants closed in the past three years, Japan is still boosting production capacity centred on the high value added radials.

Another significant trend in the industry has been the withdrawal of long-standing equity investment in Japanese companies by the troubled giants of the American industry. This withdrawal, along with the recession, has prompted the regrouping of smaller companies.

Firestone Tire announced that for financial reasons it was pulling out of its holding in Ohtsu Tire. The shares involved ended up with Sumitomo Rubber, which formed one "group" with Ohtsu. Sumitomo is in turn held 40 per cent by Dunlop, of the UK, the only major foreign equity holding still intact, except for a handful of joint ventures.

B. F. Goodrich, similarly said it would sell off a 19.8 per cent share in Yokohama Rubber by the end of this year.

The withdrawal of Goodrich may have lifted inhibitions on the part of the number two producer to follow Bridgestone into a more aggressive position in overseas manufacturing.

Yokohama's ties overseas to date are mainly technical arrangements—in Taiwan, Indonesia and South Korea, but Bridgestone now depends on overseas manufacturing plants for about 30 per cent of its total tyre production, and has plans to expand further.

In addition to an Australian plant bought from Uniroyal, the company has units in Thailand, Indonesia, Iran and Taiwan. Moreover, it is investigating a long-awaited move by the Japanese into manufacturing in the U.S., to which Michelin long ago decided to move.

The move overseas is being led by a remarkable surge in Japanese exports, a boom prompted partly because Japanese companies can satisfy demand for radials and the yen has depreciated sharply over the past few months, making Japanese tyres even more competitive.

Last year, exports jumped 53.4 per cent in value to $1.35bn, or roughly a third of all tyre sales. Export volume was up 30.7 per cent to 253,176 tonnes. Bridgestone estimates that the Japanese share of the world market is about 16 per cent, though its penetration of the huge U.S. market is so far negligible compared with European giants like Michelin.

With only minor foreign competition in the secure and very large home market, Japanese tyre companies, when world demand finally picks up, will be ready to roll.

Hutchison sets price on Anderson minority

BY KEVIN RAFFERTY IN HONG KONG

HUTCHISON WHAMPOA has announced a cash offer worth more than HK$286m (US$52m) for the 45.79 per cent of the shares of Anderson Asia it does not already own. The offer comes in the form of HK$9.25 per share for the 30.12m shares outstanding plus a terminal dividend of 25 cents a share.

Last month, Hutchison announced that it intended to make a bid for the outstanding shares of four of its subsidiaries: Harbour Engineering, a 78.37 per cent-owned civil engineering and construction company; Hutchison Boag, a 56.68 per cent-owned general merchanting and engineering concern; A. S. Watson and Co., 52.25 per cent owned and involved in retailing, trading and soft drinks making; and Anderson Asia, which is a quarrying and real-estate group.

The Anderson offer is the first of the four to be announced. Hutchison said yesterday that negotiations over the other three were at an advanced stage.

The moves are intended to tidy up the group. Hutchison executives have complained that administration has been made difficult by the need to maintain separate sets of accounts and to cater for the sometimes conflicting interests of the subsidiaries and the group. Hutchison recently sold its other outstanding subsidiary, Mohan's Property and Investment, which gained much of its income from rentals.

Anderson Asia shares were priced at HK$6.80 when Hutchison Whampoa announced its intentions of bidding, but have since risen to HK$8.90. In 1980 the company made a 30 per cent rise in after-tax profits to HK$55.8m

The idea has also been canvassed that Hutchison may want to regroup Anderson, and to incorporate it in Green Island Cement, of which Mr Li Ka-Shing, Hutchison's chairman, is also chairman.

Wheelock buys stake in Pacific Norse

By William Hall

WHEELOCK MARDEN International (WMI), the Hong Kong trading group, is taking a 50 per cent stake in Pacific Norse Shipping, the Bermudan shipping group owned by the UK arm of Norway's Jebsen group.

Jebsens UK paid $25m for majority control of Pacific Norse Shipping in May 1980. Under the new deal Jebsens UK will retain seven ships of around 20,000 dwt and will sell a 50 per cent stake in Pacific Norse to Wheelock, which has around 30 ships of its own. In addition, to the remaining seven ships, Pacific Norse is purchasing three new building contracts from WMI. The new vessels will be delivered in 1981 and 1982. Pacific Norse is also negotiating contracts for another two to four 45,000 dwt vessels.

Mr Atle Jebsen, chairman of Jebsens, said yesterday that as a European shipping group, the purpose of the deal was to get more heavily involved in the Far East. The ships which are retained in Pacific Norse all fly the Liberian flag. The proceeds of the sale will strengthen the UK arm of Jebsens.

Nippon Steel setback

BY OUR FINANCIAL STAFF

NIPPON STEEL, the world's largest steelmaker, suffered a 35 per cent fall in consolidated net income in the year to March 31, to Y74.07bn ($322m), from Y113.67bn in 1979-80. The setback came as sales of steel rose by 9.7 per cent to Y3,290bn.

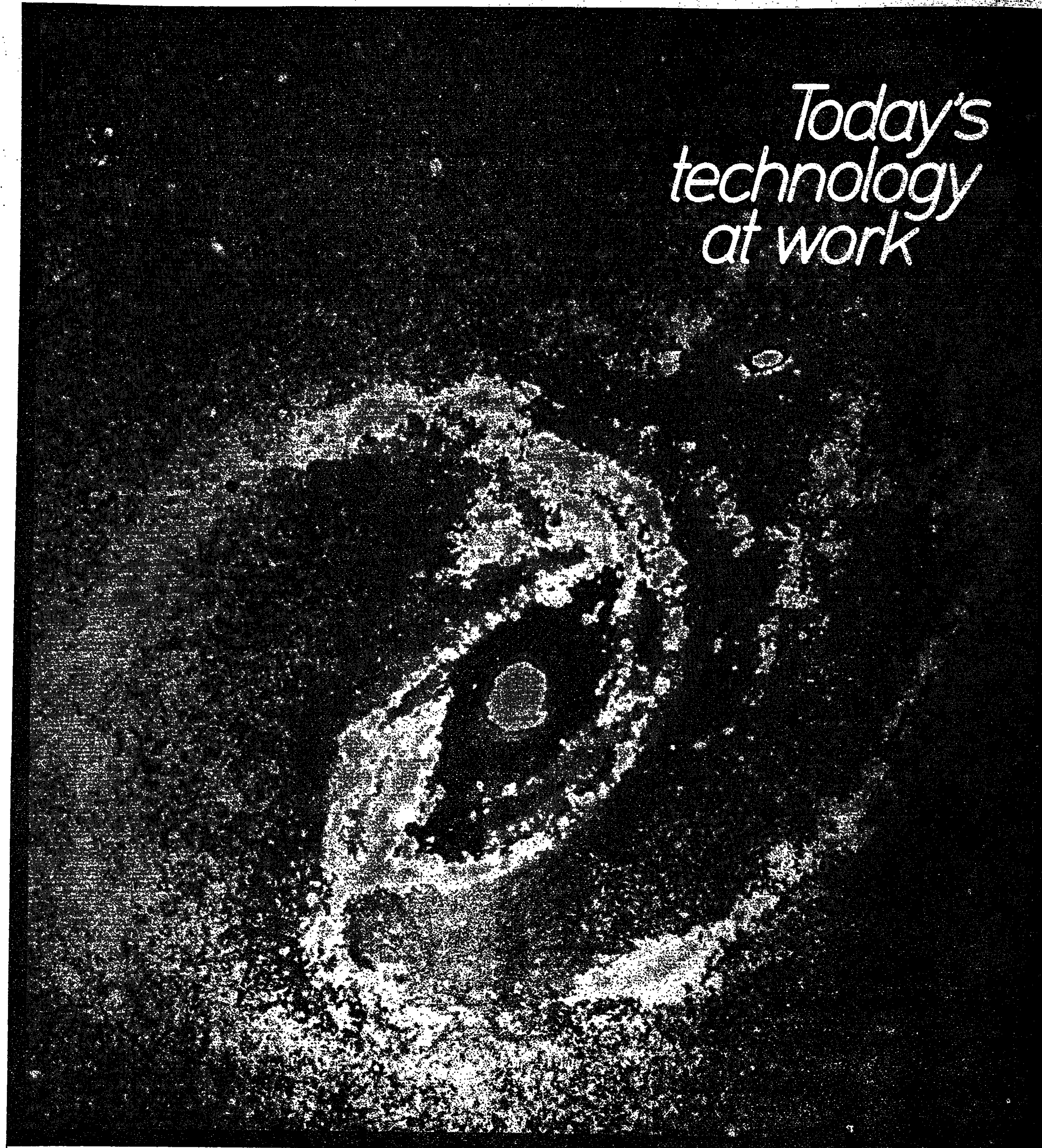
The announcement of the fall follows the report in early June of a parent company performance roughly in line with that at the consolidated level. Parent net profits were down by 32.8 per cent to Y71.1bn, on sales up 9.4 per cent to Y3,113bn.

The sales movement was in line with those of the other big five steelmakers at parent company level. Nippon Steel was, however, alone among the five in reporting a profit fall.

Fujisawa in U.S. joint venture

Fujisawa Pharmaceutical and Smithkline of Philadelphia have agreed to form a joint venture company in Philadelphia to develop and market pharmaceuticals.

The joint venture, Fujisawa Smithkline Corporation, subject to a review by the U.S. agencies, will be equally owned by the two companies.



DR JEAN LORRE

TRANSCRIPT

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Dollar advances

Dollar continued to advance on the back of the very firm level of U.S. interest rates yesterday. In New York overnight money in the Federal funds markets was trading at 20½ per cent when the authorities intervened to add liquidity. Earlier, European dealers had increased their demand for the dollar as Euro-dollar interest rates rose further, leading to hectic trading and a short delay in the Frankfurt fixing. Indications that the U.S. Administration made no concessions on interest rates at the Ottawa Summit also buoyed the dollar, as did comments by Mr Paul Volker, chairman of the Federal Reserve Board on money supply targets, which were interpreted as a continuation of tight monetary policy.

Sterling weakened against the dollar and other major currencies, falling to a three-year low against the U.S. currency, but recovering slightly in late trading.

European currencies lost ground to the dollar, while within the EMS the Irish punt fell below the Belgian franc at the bottom of the system.

DOLLAR — trade-weighted index (Bank of England) rose to 111.9 from 111.1. It improved to DM 2.4695 from DM 2.4460 against the D-mark, to FFr 5.8570 from FFr 5.7890 against the French franc, to SwFr 2.1160 from SwFr 2.0965 in terms of the Swiss franc, and to Y234.40 from Y23[illegible] against the yen.

STERLING — trade-weighted index (Bank of England) fell to 91.7 from 92.3, after opening at 91.9 and falling to 91.7 at noon. The pound opened at $1.8600-1.8610 the best level of the day, and declined to a low of $1.8375-1.8385 but showed a slightly firmer trend on news that the Federal Reserve was adding funds to the New York banking system. It closed at $1.8450-1.8460 a fall of 2.30 cents on the day, and the lowest closing level since June 1978.

D-MARK—Strongest member of the European Monetary System but still weak against the dollar despite central bank support. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports may assist a recovery, although at present the market remains dominated by the high level of U.S. interest rates—The D-mark showed mixed changes at the Frankfurt fixing, but lost ground to the U.S dollar in hectic trading. The U.S. currency opened at DM 2.4495, and was steady in dull trading, until shortly before noon, when heavy demand for the currency led to very confused trading and a delay of about 20 minutes in the fixing. The dollar was fixed at DM 2.4615, compared with DM 2.4456 without any intervention by the Bundesbank. There was also no sign of dollar sales by the authorities on the open market, and in the afternoon the U.S. unit advanced further to DM 2.4650. Sterling fell to DM 4.55 from DM 4.5820 at the fixing, and continued to weaken in late trading.

FRENCH FRANC—Trading around the middle of the EMS and fairly steady against other European currencies despite lower domestic interest rates. It remains very weak against the dollar, however, as U.S. interest rates stay firm—The franc lost ground to the strong dollar at the Paris fixing, but improved against the D-mark, strongest member of the EMS. The German currency eased to FFr 2.3716 from DM 2.3734, while the dollar rose to FFr 5.85 from FFr 5.7990, and remained around FFr 5.85 in the late afternoon.

THE POUND SPOT AND FORWARD

July 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8375-1.8610	1.8450-1.8460	0.80-0.90c dis	−5.53	2.25-2.35dis	−4.98
Canada	2.2290-2.2530	2.2365-2.2375	1.05-1.15c dis	−5.90	2.80-2.95dis	−5.14
Nethlnd.	5.03-5.08	5.06¾-5.07¾	¾-⅜c pm	1.48	2-1½ pm	1.38
Belgium	74.00-74.70	74.55-74.65	32-42c dis	−5.96	85-95 dis	−4.82
Denmark	14.17-14.25	14.23½-14.24½	5⅞-6⅞ore dis	−5.37	14¾-16½ dis	−4.41
Ireland	1.2430-1.2520	1.2500-1.2515	0.11-0.24p dis	−1.68	0.70-0.84dis	−2.46
W. Ger	4.53-4.57	4.55½-4.56½	⅞-⅜pf pm	1.64	2-1½ pm	1.53
Portugal	120.00-121.00	120.50-120.70	50-115c dis	−8.21	145-320 dis	−7.71
Spain	181.00-182.30	181.60-181.80	60-90c dis	−4.95	230-270 dis	−5.50
Italy	2251-2266	2257-2259	27-29 lire dis	−14.88	81-84 dis	−14.61
Norway	11.29-11.38	11.33-11.34	1½-¼ore pm	0.86	3½-2 pm	0.95
France	10.75-10.87	10.80-10.81	7-8c dis	−8.33	20¾-21¾ dis	−7.87
Sweden	9.63-9.69	9.65½-9.66½	1½-¼ore pm	1.16	2¼-¾ pm	0.54
Japan	430-440	432-433	2.85-2.50y pm	7.42	7.40-7.00 pm	6.66
Austria	31.90-32.10	32.02-32.07	5-1gro pm	1.31	11-1 pm	0.75
Switz.	3.88½-3.91½	3.90-3.91	2½-1½c pm	5.76	5-4 pm	4.61

Belgian rate is for convertible francs. Financial franc 78.00-78.10. Six-month forward dollar 4.15-4.25c dis. 12-month 3.65-5.80c dis.

THE DOLLAR SPOT AND FORWARD

July 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8375-1.8610	1.8450-1.8460	0.80-0.90c dis	−5.53	2.25-2.35dis	−4.98
Ireland†	1.4765-1.4885	1.4775-1.4780	0.40-0.50c dis	−3.65	0.85-0.95dis	−2.44
Canada	1.2110-1.2126	1.2122-1.2125	0.03-0.07c dis	−0.49	0.13-0.17dis	−0.49
Nethlnd.	2.7300-2.7450	2.7420-2.7450	1.65-1.55c pm	7.01	4.25-4.15 pm	6.13
Belgium	39.78-40.43	40.41-40.43	par-6c dis	−0.89	par-5 dis	−0.30
Denmark	7.6630-7.7110	7.7060-7.7110	0.30-0.10ore pm	0.31	0.80-0.40 pm	0.31
W. Ger.	2.4470-2.4710	2.4690-2.4700	1.52-1.46pf pm	7.28	4.04-3.98 pm	6.49
Portugal	65.00-65.65	65.25-65.45	par-30c dis	−2.75	par-90 dis	−2.75
Spain	98.00-98.50	98.30-98.40	15c pm-par	0.91	5 pm-25 dis	−0.41
Italy	1218½-1225	1223-1224	10-12 lire dis	−10.79	29-32 dis	−9.97
Norway	6.1145-6.1500	6.1420-6.1470	3½-3ore pm	6.35	8.40-7.90 pm	5.30
France*	5.8050-5.8625	5.8545-5.8595	1-1½c dis	−2.58	3¾-4½ dis	−2.82
Sweden	5.2115-5.2380	5.2325-5.2375	2.00-1.80ore pm	4.35	5.15-4.95 pm	3.86
Japan	234.00-235.00	234.35-234.45	2.50-2.35y pm	12.41	6.70-6.55 pm	11.30
Austria	17.21-17.36½	17.35¾-17.36¾	10.30-9.30gro pm	6.95	27-23 pm	5.78
Switz.	2.0970-2.1180	2.1155-2.1165	2.20-2.10c pm	12.19	5.30-5.20 pm	9.92

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
* July 20 France 5.7885-5.7915 (close).

CURRENCY MOVEMENTS

July 21	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.7	−32.1
U.S. dollar	111.9	−5.0
Canadian dollar	88.1	−17.4
Austrian schilling	110.8	+22.0
Belgian franc	104.6	+6.8
Danish kroner	85.5	−11.2
Deutsche mark	115.8	+37.3
Swiss franc	136.0	+83.9
Guilder	107.4	+14.2
French franc	82.3	−11.4
Lira	57.3	−55.7
Yen	139.0	+33.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.605470	0.551153
U.S. $	14	1.13465	1.03258
Canadian $	19.04	1.36896	1.24581
Austria Sch.	6¾	19.5228	17.7501
Belgian F.	13	Unavail.	41.2931
Danish K.	11	8.68348	7.89153
D mark	7½	2.77490	2.52281
Guilder	9	3.08965	2.81018
French Fr.	9½	6.57984	5.98228
Lira	19	1381.44	1256.66
Yen	6¼	264.375	240.282
Norwgn. Kr.	9	6.94633	6.30806
Spanish Pts.	8	110.920	100.914
Swedish Kr.	12	5.89961	5.36324
Swiss Fr.	5	2.37959	2.16450
Greek Dr'ch.	20½	—	61.7434

OTHER CURRENCIES

July 21	£	$		£ Note Rates
Argentina Peso	8684-8704†	4720-4730†	Austria	31.70-32.10
Australia Dollar	1.6185-1.6225	0.8775-0.8780	Belgium	76.80-77.60
Brazil Cruzeiro	174.17-175.17	94.69-95.16	Denmark	14.13-14.28
Finland Markka	8.371½-8.381½	4.5710-4.5730	France	10.69-10.79
Greek Drachma	109.686-115.042	60.00-60.20	Germany	4.53-4.57
Hong Kong Dollar	10.561¼-10.571¼	5.7200-5.7250	Italy	2220-2270
Iran Rial	152.10*	81.20*	Japan	434-440
Kuwait Dinar (KD)	0.522-0.528	0.2841-0.2844	Netherlands	5.08½-5.05½
Luxembourg Fr.	74.55-74.65	40.41-40.43	Norway	11.24-11.36
Malaysia Dollar	4.3575-4.3875	2.3615-2.3635	Portugal	118½-126
New Zealand Dlr	2.2145-2.2195	1.1995-1.2015	Spain	175½-183½
Saudi Arab. Riyal	6.30-6.36	3.4125-3.4155	Sweden	9.57-9.67
Singapore Dollar	3.9875-3.9975	2.1610-2.1630	Switzerland	3.87½-3.91½
Sth African Rand	1.7285-1.7290	0.9365-0.9370	United States	1.83¾-1.85¼
U.A.E. Dirham	6.79-6.85	3.6720-3.6740	Yugoslavia	70-75

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,661-11,681 and for the dollar 6,200-6,250. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.1162	+0.78	+0.92	±1.5361
Danish Krone	7.91917	7.88215	−0.47	−0.33	±1.6413
German D-Mark	2.54502	2.52221	−0.90	−0.76	±1.1386
French Franc	5.99526	5.98589	−0.16	−0.02	±1.3638
Dutch Guilder	2.81318	2.80327	−0.35	−0.21	±1.5159
Irish Punt	0.685145	0.691308	+0.90	+1.05	±1.6688
Italian Lira	1262.92	1251.64	−0.89	−0.88	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 21	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.846	4.560	432.5	10.805	3.905	5.068	2258.	2.237	74.60
U.S. Dollar	0.542	1.	2.471	234.4	5.855	2.116	2.746	1224.	1.212	40.42
Deutschemark	0.219	0.405	1.	94.85	2.370	0.856	1.111	495.2	0.491	16.36
Japanese Yen 1,000	2.312	4.267	10.54	1000.	24.98	9.029	11.72	5221.	5.172	172.5
French Franc 10	0.925	1.708	4.220	400.3	10.	3.614	4.690	2090.	2.070	69.04
Swiss Franc	0.256	0.473	1.168	110.8	2.767	1.	1.298	578.2	0.573	19.10
Dutch Guilder	0.197	0.364	0.900	85.35	2.132	0.771	1.	445.6	0.441	14.72
Italian Lira 1,000	0.443	0.817	2.019	191.5	4.785	1.729	2.244	1000.	0.991	33.04
Canadian Dollar	0.447	0.825	2.038	193.3	4.830	1.746	2.265	1009.	1.	33.35
Belgian Franc 100	1.340	2.474	6.117	579.8	14.48	5.235	6.793	3027.	2.999	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 21)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 15/16	offer 19 1/16	bid 18 5/8	offer 18 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅜-12⅝	19-19¼	18-20	11⅞-12	½-1	11¾-11⅞	19-20½	18½-20½	14-18	6¾-7¼
7 day notice	13-13¼	19-19¼	18-20	11⅞-12⅛	1-1½	11[illegible]-11[illegible]	19-20½	24½-28½	16-20	7-7¼
Month	14⅛-14⅜	19-19¼	19-19⅜	12⅛-12⅜	7[illegible]-8[illegible]	12¼-12⅜	21½-22½	26½-28½	17½-18½	7-7½
Three months	14[illegible]-14[illegible]	19-19¼	19-19⅝	12[illegible]-12[illegible]	9[illegible]-9[illegible]	12[illegible]-12[illegible]	21½-22½	28-29	17⅝-18⅝	7⅜-7⅝
Six months	14⅜-14⅝	18¾-19	18⅞-19¼	12[illegible]-12[illegible]	9½-9¾	12½-12⅝	20⅞-21½	28-29	18-19	7[illegible]-7[illegible]
One Year	14⅜-14⅝	17⅜-17⅝	17⅞-18¼	12⅛-12¼	9-9½	12⅝-12½	19¼-20	27¼-28½	16⅝-17⅝	8⅛-8⅜

SDR linked deposits: one-month 15⅞-16⅛ per cent; three-months 15⅞-16⅛ per cent; six-months 15[illegible]-16[illegible] per cent; one-year 15-15½ per cent.

ECU linked deposits: one-month 16[illegible]-16[illegible] per cent; three-months 16[illegible]-16[illegible] per cent; six-months 16[illegible]-16[illegible] per cent; one-year 15[illegible]-15[illegible] per cent.

Asian $ (closing rates in Singapore): one-month 18[illegible]-18[illegible] per cent; three-months 18[illegible]-18[illegible] per cent; six-months 18½-18⅝ per cent; one-year 17[illegible]-17[illegible] per cent. Long-term Eurodollar two-years 16½-16¾ per cent; three-years 16¼-16½ per cent; four-years 16-16¼ per cent; five-years 15⅞-16⅛ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.80-18.90 per cent; three-months 18.70-18.80 per cent; six-months 18.50-18.60 per cent; one-year 17.00-17.20 per cent.

MONEY MARKETS

Rates stay firm

Period rates continued to rise in the London money market yesterday in very nervous trading. However, overnight money in the interbank market was around 12½ per cent at its highest point of the day, reflecting to some extent the level at which the Bank of England has been intervening in the market and so far this has managed to keep upward pressure on bank base rates at a tolerable level. One-week money was little changed at 12½-13¼ per cent compared with 12½-13 per cent while longer term rates showed rises of around a quarter of a point.

Early indications pointed towards a moderate shortage of day-to-day funds and the Bank intervened during the morning to buy a small amount of eligible bank bills at 12-12½ per cent while the market is due to buy back today. Discount houses were paying 12 per cent for secured call loans at the start with later balances taken at 11½ per cent. Funds were drained by a small amount of commercial bills maturing in official hands and a small rise in the note circulation. Bill rates were all sharply firmer with discount houses buying rates for three month eligible bank bills at 14¼ per cent compared with 13[illegible]-13¼ per cent and three-month Treasury bills at 14¼ per cent against 13⅞ per cent. The proximity of a possible solution in the Civil Service dispute may well prompt further rises in short term rates with the situation further exacerbated next week with the take up of an extra £500m of Treasury bills.

In New York the Federal Reserve Bank injected liquidity into the money market by arranging two-day repurchase agreements. At that time Federal funds were trading at 20¼ per cent, over a point higher than on Monday. Early quotations showed a slight fall in three and six-month Treasury bill rates after Monday's firmer Treasury auction where average rates were the highest since the middle of May.

In Paris call money eased to 18⅞ per cent after Monday's technical adjustment saw the rate rise to 18¼ per cent. Longer term rates were mainly unchanged although three-month money eased to 17[illegible] per cent from 17¾ per cent. French rates continued the softer trend seen recently and Banque Nationale de Paris cut its base rates to 15.6 per cent from 15.9 per cent.

In Frankfurt call money rose above the special Lombard rate of 12 per cent to 12.025 per cent up from 11.95 per cent on Monday. Other rates were also firmer with one month money at 12.75 per cent from 12.65 per cent and three-month at 12.95 per cent compared with 12.925 per cent.

In Singapore Overseas-Chinese Banking Corporation increased its prime rate to 13¾ per cent from 13½ per cent. The remaining three big local banks increased their rates earlier this week to 14 per cent from 13½ per cent.

MONEY RATES

NEW YORK

Prime rate	20½
Fed funds	20½
Treasury bills (13-week)	15.53
Treasury bills (26-week)	15.37

GERMANY

Special Lombard	12.0
Overnight rate	12.025
One month	12.75
Three months	12.95
Six months	12.95

FRANCE

Intervention rate	17.75
Overnight rate	18.25
One month	17.75
Three months	17.1875
Six months	16.75

JAPAN

Discount rate	6.25
Call (unconditional)	7.1875
Bill discount (three-month)	7.46875

GOLD

Further fall

Gold fell $5 to close at $406-408 in the London bullion market yesterday. It opened at $407-408½ and was fixed at $408 in the morning and $406 in the afternoon. The metal drifted down in fairly quiet trading to a low of $405-406½, influenced by the strong dollar.

In Paris the 12½ kilo gold bar was fixed at FFr 89,700 per kilo ($476.91 per ounce) in the afternoon, compared with FFr 89,110 ($476.95) in the morning, and FFr 90,000 ($482.72) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,360 per kilo ($409.99 per ounce), against DM 32,675 ($415.50) previously, and closed at $405-407, compared with $412-414.

In Zurich gold closed at $405-408, against $411-414 on Monday.

	July 21		July 20	
Gold Bullion (fine ounce)				
Close	$406-408	(£219½-220½)	$411-413	(£219¾-220¾)
Opening	$407-408½	(£219-220)	$413-415	(£220¼-221¼)
Morning fixing	$408	(£220.481)	$414.75	(£221.377)
Afternoon fixing	$406	(£220.413)	$412.50	(£220.470)
Gold Coins				
Krugerrand	$420-421	(£227½-228¼)	$424½-425½	(£227-227½)
½ Krugerrand	$216½-217¼	(£117¼-117¾)	$218½-219½	(£116¾-117½)
¼ Krugerrand	$110-111	(£59½-60)	$111½-112½	(£59½-60)
1/10 Krugerrand	$45-46	(£24½-25)	$45½-46½	(£24¼-24¾)
Mapleleaf	$417-420	(£226-227½)	$417-420	(£223-224½)
New Sovereigns	$101¾-102½	(£55-55½)	$103-103¾	(£55-55½)
King Sovereigns	$113-115	(£61-62)	$115-117	(£61½-62½)
Victoria Sovs.	$113-115	(£61-62)	$115-117	(£61½-62½)
French 20s	$107-112	(£58-60½)	$108-114	(£57½-61)
50 pesos Mexico	$505-509	(£273½-276)	$511-516	(£273¼-276)
100 Cor. Austria	$393-397	(£213-215¼)	$398-402	(£212½-215)
$20 Eagles	$540-545	(£292¾-295½)	$539-544	(£288¼-291)

LONDON MONEY RATES

July 21 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-12¾	12½	—	—	12¼-12⅝	11½-12	—	—	—
2 days notice	—	—	13	—	—	13⅛-13½	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13⅛	13¼	—	14¼	—	12	—	—	—
One month	14[illegible]-14⅛	13⅞-14[illegible]	13⅝	14⅜-14⅝	14⅝	14½	12½-13	14½	14[illegible]	14⅛
Two months	14[illegible]-14[illegible]	14[illegible]-14[illegible]	—	14⅞-14⅜	14[illegible]	14[illegible]	12¼-13½	14½	14[illegible]	14¾
Three months	14½-14⅜	14⅜-14⅝	14½	14⅞-14⅜	14[illegible]	14[illegible]	13-13½	14½	14[illegible]	14¾
Six months	14½-14⅝	14[illegible]-14⅝	14¼	14½-14	14[illegible]	—	—	—	13½-13⅞	14⅝
Nine months	14[illegible]-14[illegible]	14⅜-14[illegible]	—	14⅝-14⅛	14½	—	—	—	—	—
One year	14[illegible]-14[illegible]	14⅛-14½	14¼	14⅝-14½	14½	—	—	—	—	—
Two years	—	—	14¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three-years 14¾ per cent; four-years 14½ per cent; five-years 14¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14-14½ per cent; four-months trade bills 14¾ per cent.

Approximate selling rate for one-month Treasury bills 13¾ per cent; two-months 13¾ per cent; three-months 13¾ per cent. Approximate selling rate for one-month bank bills 13[illegible]-14 per cent; two-months 13[illegible]-14 per cent; three-months 13[illegible]-14 per cent; one-month trade bills 13⅞ per cent; two-months 14½ per cent; and three-months 14½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.4703 per cent.

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WORLD STOCK MARKETS

Dow 5.6 lower at midsession

STILL DEPRESSED by dashed hopes of any near-term decline in U.S. interest rates, Wall Street extended Monday's sharp fall in active early dealings yesterday.

However, bargain hunting during the morning slowed the market's rate of decline, leaving the Dow Jones Industrial Average a relatively modest 5.61 easier at 934.93 at 1.00 pm following Monday's 18.36 fall. The NYSE All Common Index was 26 cents lower at $74.58, while volume increased to 33.05m shares from the previous day's 1.00 pm figure of 28.90m.

Fears that rates will remain high were reinforced by news from the Ottawa summit, where President Reagan indicated that the U.S. will stand firm on monetary policy, and by Federal Reserve chairman Paul Volcker's statement that the Fed will also adhere to a restrictive monetary policy.

Energy stocks seen as possible take-over candidates, however, provided some bright spots. Analysts said attention was refocused on speculation that **Gulf Oil** is about to make a take-over move. Gulf was off ⅜ at $36, but **Cities Service** rose 3⅞ to $60, **Diamond Shamrock** 1⅛ to $38⅜ and **Kerr McGee** 2⅞ to $77⅞.

LTV advanced 1⅛ to $21 after reporting sharply higher earnings. **Louisiana Land and Exploration** put on $1 to $38⅝, **National Gypsum** 1½ to $30½ and **Sedco** 2⅛ to $33⅛.

Federal Home Mortgage shed ⅝ to $8⅝ after cutting its dividend to 4 cents a share from 16 cents. **Kenilworth Realty** dropped 3½ to $8½.

THE AMERICAN SE Market Value Index, down 6.37 on Monday, was a slight 0.24 firmer at 363.89 at 1 pm. Volume 2.97m shares.

Canada

Shares mainly decline afresh yesterday morning in another fair business, leaving the Toronto Composite index 6.2 lower at 2,357.0 at noon. Golds lost 40.6 at 4,004.7 and Real Estate and Construction 72.4 at 9,349.5 but Oil and Gas recovered 14.3 to 5,044.4.

Closing prices for North America were not available for this edition.

Tokyo

The market moved sharply and broadly lower yesterday, reflecting the yen's continued weakness against the U.S. dollar, bleak prospects for a decline in interest rates and the sharp overnight setback on Wall Street.

The Nikkei-Dow Jones Average, after losing about 37 points on Monday, retreated 83.40 more to 7,756.76. The Tokyo SE index fell 5.64 to 587.61 and declines outnumbered rises on the First Market section by 443 to 143 after a moderate to fair volume of 430m shares (380m).

As hopes faded for a signal at the Ottawa summit that the U.S. would respond positively to international criticism of its high interest rates, the market reflected further on news late last Friday of the unexpectedly large jump in the U.S. money supply. The money supply news, according to many analysts, wiped out prospects for any lowering of U.S. interest rates in the near term.

A broker noted, however, that the yen's fall could prove somewhat positive for the market. Should the yen continue to slide as far as Y240 to the dollar, foreign investors may be lured back to the stock market by bargain prices in terms of their local currencies, he argued.

Virtually all sectors eased, but Steels held firm. A broker attributed the strength of Steels to the fact that they had not participated in much of the month's earlier market rise, and thus had few recent gains to give up, and also to anticipation that Steels would move ahead in August. **Nippon Steel** put on Y3 to Y221.

Heavy Electric Machines fell sharply, with **Hitachi** losing Y19 to Y758, prompting profit-taking in many sectors. Other popular issues among foreign investors, such as Light Electricals, Precisions and other High Technology issues, were among the worst hit yesterday.

Matsushita Electric declined Y60 to Y1,730, **Nippon Electric** Y18 to Y870, **Fuji Photo** Y50 to Y1,800, **Pioneer** Y110 to Y4,050, **Fujitsu** Y24 to Y796, **Canon** Y60 to Y1,600, **Mitsubishi Electric** Y11 to Y457 and **Toshiba** Y8 to Y432.

Hong Kong

Stocks fell afresh over a broad front in another substantial turnover, with the Hang Seng index relinquishing 45.54 more at 1,732.38, compared with last Friday's closing all-time high of 1,810.20. Local institutional selling was noted, and overall turnover totalled HK$776.78m on the four stock exchanges, against Monday's HK$794.95m.

Dealers said the market remained depressed by the local interest rate rise, announced last Friday, and uncertainty over the future course of rates.

Rumours abounded that the Hong Kong Association of Banks, which weekly sets a uniform interest rate structure, would meet yesterday afternoon to consider a possible further rise to bolster the Hong Kong dollar. However, this was later officially denied.

Hong Kong Association of Banks' chairman Tom Welsh said no special meeting was called and none was intended. He also denied a market rumour that a half percentage point beneficial discount in Prime Rate, now 18 per cent, would be considered for manufacturers or importers of raw materials.

Germany

Bourse prices picked up from an easier start to close mixed on balance.

Export-orientated Engineerings posted good gains induced by the stronger dollar. **Linde** advanced DM 4.50 to DM 347.50, **GHH** DM 5 to DM 231 and **KHD** DM 6.50 to DM 211, largely on foreign demand.

Falls extending to 60 pfennigs were recorded by Public Authority Bonds. The weaker overnight close on the U.S. Bond market and yesterday's stronger dollar depressed sentiment in a quiet market. The Bundesbank bought DM 6.5m of paper.

Paris

Another good recovery in stock prices was seen yesterday in active dealings, partly in a technical reaction to recent falls but also helped by buying from Sicav unit trusts. The CAC General index recouped 3.1 more at 86.5 and the Indicateur de Tendance index a further 3.0 at 91.8.

Banks and Insurances strengthened, with **CFF** adding FFr 27 at FFr 322 after temporarily being suspended the day's limit ahead.

Among Portfolios, **Schneider** was also suspended limit up before returning FFr 7.5 higher at FFr 88.3.

BIC rose FFr 33 to FFr 527 after reporting higher first-half group net turnover. In Oils, **CFP** advanced FFr 7.5 to FFr 109 and **CFR** FFr 6 to FFr 87.

Australia

A fairly broad retreat occurred as selling gathered pace following overnight falls on the New York and London markets, lower Gold prices and another upward twist in the local debenture interest rate spiral.

Oils saw a good deal of the selling as the sector index fell a further 21.6 to 520.9, while the All Ordinaries index shed 10.2 to 656.5.

Hartogen slipped 50 cents to A$7.50 in Oils despite Monday's announcement of a commercial gas find at the Royston No 1 well in Queensland's Surat Basin.

Johannesburg

Gold shares declined with the Bullion price, while Industrials tended to ease following Monday's record local rise in bank rate to 12.5 per cent from 10 per cent.

Indices

NEW YORK —DOW JONES

	July 20	July 17	July 16	July 15	July 14	July 13	1981 High	1981 Low	Since Cm'pil't'n High	Since Cm'pil't'n Low
*Industr'ls	940.54	958.60	955.48	954.15	946.25	954.34	1024.05 (27/4)	951.57 (15/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	60.01	60.28	60.35	60.32	60.34	60.77	65.76 (15/1)	58.57 (7/5)	—	—
Transport	403.18	411.40	411.55	407.01	401.10	404.28	447.38 (16/4)	379.78 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	107.15	108.59	108.16	108.54	107.49	107.68	117.81 (5/1)	103.99 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000†	40,240	42,780	39,810	46,950	46,230	38,100	—	—	—	—

*Day's high 954.81 low 937.02

Ind. div. yield %	July 17	July 10	July 3	Year ago (approx)
	5.70	5.72	5.69	5.72

STANDARD AND POORS

	July 20	July 17	July 16	July 15	July 14	July 13	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	145.07	147.24	147.95	146.61	145.85	145.77	157.02 (6/1)	146.65 (6/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	128.72	130.76	131.41	130.23	129.65	129.64	138.12 (6/1)	128.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 15	July 8	July 1	Year ago (approx)
Ind. div. yield %	4.83	4.90	4.85	4.88
Ind. P/E Ratio	9.31	9.16	9.27	8.02
Long Gov. Bond yield	13.14	13.10	13.27	10.08

N.Y.S.E. ALL COMMON

July 20	July 17	July 16	July 15	1981 High	1981 Low
74.84	75.96	75.70	75.60	79.14 (6/1)	72.45 (20/2)

Rises and Falls	July 20	July 17	July 16
Issues Traded	1,892	1,849	1,862
Rises	281	781	762
Falls	1,304	616	674
Unchanged	307	452	426
New Highs	8	19	30
New Lows	43	18	32

MONTREAL

	July 20	July 17	July 16	July 15	1981 High	1981 Low
Industrials	397.50	400.45	402.26	398.85	408.68 (27/5)	350.26 (20/2)
Combined	368.87	372.52	375.19	370.82	376.16 (27/5)	338.34 (20/2)
TORONTO Composite	2383.2	2389.30	2390.55	2371.69	2378.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Conoco	1,035,400	85	−2¼	Natomas	468,200	33½	+1½
Ahmanson	868,200	16⅝	−⅞	Texas Intnl.	451,200	37⅛	+2⅞
Sears Roebuck	845,200	18	−⅜	Texasgulf	450,900	55½	+⅞
Texas Utilities	550,000	21	−¼	IBM	447,300	55⅝	−¾
Sperry Corpn.	490,100	40⅝	−1	Am. Tel & Tel.	418,100	54¾	−¾

WORLD INDICES

	July 21	July 20	July 17	July 16	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	656.5	666.7	668.2	664.8	737.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	551.8	545.4	545.7	557.7	735.2 (7/1)	551.8 (21/7)
AUSTRIA						
Credit Aktien (2/1/62)	58.71	58.67	58.58	58.45	66.45 (6/1)	58.45 (16/7)
BELGIUM						
Belgian SE (31/12/63)	(c)	(c)	74.82	75.65	85.15 (17/2)	68.55 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	114.49	114.31	114.29	115.01	118.21 (5/7)	85.68 (2/1)
FRANCE						
CAC General (29/12/61)	86.5	83.4	81.4	80.1	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	91.8	88.8	86.6	84.7	106.8 (15.3)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	256.08	258.68	257.50	258.49	243.47 (3/7)	216.88 (9/2)
Commerzbank (Dec. 1953)	724.8	725.9	727.8	731.8	749.0 (5/7)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	81.5	82.8	82.8	82.7	86.2 (24.5)	85.7 (2/1)
ANP-CBS Indust. (1970)	71.7	72.7	72.7	72.7	76.4 (22/5)	62.8 (2.1)
HONG KONG						
Hang Seng Bank (31/7/64)	1732.38	1777.92	1810.20	1781.62	1810.20 (17/7)	1296.44 (11/5)
ITALY						
Banca Comm Ital (1972)	194.81	200.01	205.22	209.57	292.03 (3/6)	176.36 (6/1)
JAPAN						
Dow Average (16/5/49)	7756.76	7840.16	7878.88	7887.38	7925.54 (3/7)	6956.52 (18/5)
Tokyo New SE (4/1/68)	587.61	593.25	594.97	593.56	595.10 (13/7)	496.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	124.27	128.38	127.12	122.50	127.67 (4/5)	118.54 (5/6)
SINGAPORE						
Straits Times (1966)	885.37	877.29	902.61	912.99	978.28 (28/6)	658.51 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	577.9	575.7	576.6	797.8 (7/1)	475.8 (6/7)
Industrial (1958)	(u)	698.6	698.4	606.2	655.5 (1/5)	557.2 (3/2)
SPAIN						
Madrid SE (30/12/80)	132.54	(c)	131.38	130.75	141.40 (17/6)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	585.26	582.88	577.45	575.85	591.84 (2/7)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	286.7	287.4	288.1	286.3	304.2 (2/4)	279.8 (27/5)
WORLD						
Capital Intl. (1/1/70)	—	151.0	153.0	152.9	162.8 (6/1)	149.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Special aid package for Irish farms

By Larry Klinger in Brussels

THE EEC agriculture ministers yesterday kept their pledge to provide special aid to Ireland's hard-pressed farmers by agreeing on a £26m package including unprecendented interest-rate subsidies.

Ireland is to receive about £16m to extend its drainage project in the west of the country from 100,000 hectares to 150,000 hectares and about £10m in interest-rate subsidies to promote modernisation of farms in poorer areas.

However, in spite of having pledged at the EEC's annual farm pricing fixing in April to provide extra aid for Ireland, the ministers agreed only reluctantly to approve the interest-rate subsidies which will apply to some special loans already provided by the Community, an unprecedented move in the area of EEC agriculture.

The package was only finally approved after an undertaking by the Irish Government to increase its proportion of matching funds for interest relief in better-off regions.

Royal Welsh Show extended

By Robin Reeves, Welsh Correspondent

THE Royal Welsh Agricultural Society's decision to extend this year's show for the first time by one day to four days, to spread the attendance loads, appears to be paying off.

Encouraged by good weather, nearly 29,000 visitors attended the first-ever Monday start. Together with yesterday's attendance of over 43,000 it put the Royal Welsh well on the way towards its breakeven gate of some 120,000—broadly last year's attendance.

This year's Show is budgeted to cost £300,000, £50,000 more than last year, and half the increase is attributed to the extra day's opening.

This year's Royal Welsh has also seen the opening of six permanent stands and the near completion of a seventh. Although it is nearly 20 years since the Welsh Agricultural Society opted for a permanent site for the Royal Welsh at Builth Wells, Powys, it is only in the last few years that organisations have started building permanent facilities.

EEC agrees ban on dangerous hormones

BY LARRY KLINGER IN BRUSSELS

THE EEC's agricultural ministers yesterday banned the use of hormones "known to be dangerous to human health" as growth promoters in farm animals and instructed the European Commission to prepare a scientific study in nine months time on the others still in widespread use in many member countries.

While the decision falls far short of the demand of EEC consumer organisations and the Commission's original proposal for a complete ban, the scientific study may go some way towarsd meeting consumer calls for the Community to prove that those hormones still in use are safe.

Consumer groups have long countered the member states' argument that those hormones in use have not been proved harmful by claiming that the burden of proof lay with the European Community to demonstrate scientifically that they are safe. The consumer groups maintain that they do not have the financial or scientific resources to conduct their own study.

However, in one sense the ministers, after months of wrangling, have simply opted for the *status quo* by banning only those substances which are already outlawed in all the member states: the stilbenes and thyrostatics which research has shown may promote growth of cancer.

Moreover, the ministers failed to tackle in detail the financing and methods of possible greater inspection and control, which is another long standing demand of the European Bureau of Consumers Unions.

Inspection will be left to the member states, which the consumer groups claim varies greatly in effectiveness. However, by placing the banning of certain hormones on a Community-wide basis, a member country can now call for Commission legal action if it feels another member state is breaching European Community law.

The Commission originally proposed a total ban last October, following an Italian court ruling banning veal sales that led to a successful consumer boycott of the meat in France and Belgium.

The boycott led to a 50 per cent drop in sales in France and forced M Pierre Mehaignerie, who was then agriculture minister to call for the hormone problem to be tackled on a Community-wide basis.

However, the member states consistently watered down the Commission plan partly because of economic reasons. Producers of beef and veal, especially in Britain, Belgium and Ireland where hormone use in beef production is widespread, will welcome today's decision but will anxiously await the result of the scientific study.

Extra hormones administered to veal calves, for instance, can increase their weight by 10-25 per cent and in Britain and Ireland it is estimated that a total ban could cost the cattle farmer in lost output up to £30.

A total ban would also hit countries trading with the EEC, especially the U.S., whose exports to Europe of beef products such as kidneys and livers are estimated to be worth $350m a year, with the full economic value to its beef industry put at more than $1bn.

The main hormones remaining in use in Europe are oestradiol, testosterone, progesterone, trenbolone and zeranol. Those banned include stilboestrol, diethylstilboestrol (DES), dienoestrol and hexoestrol.

Fishing body defends record

BY RICHARD MOONEY

MR CHARLES MEEK, chairman of the White Fish Authority, yesterday hit back at the authors of a report issued earlier this week which criticised the authority for failing to give a lead to the fishing industry on product marketing.

The report, by three of the Agriculture Minister's marketing advisers, said the WFA had been unable to act as the "marketing department" of the fishing industry or to persuade the industry to provide adequate marketing funds.

A clearly annoyed Mr Meek noted yesterday that the authors had not even visited the WFA market development unit in London while preparing their report.

He also rejected the suggestion that the inadequacy of marketing funds available to the authority reflected its failure to persuade the industry of the need for marketing investment.

In December 1979 Ministers turned down a WFA plea for its advertising levy to be trebled although industry opposition was less than when the levy was first introduced, he claimed.

Since then he had detected a significant change in opinion within the industry on the importance of marketing and hoped the new Sea Fish Industry Authority, which is shortly to take over the functions of the WFA and the Herring Industry Board, would be able to capitalise on this new mood.

In spite of his long experience of the fishing industry Mr Meek is not expected to be offered the chairmanship of the new body, a fact he and some industry leaders clearly regret. Others, however, while expressing their regard for Mr Meek and appreciation of his service to the industry, believe a new hand is needed on the helm to guide the industry out of its present depression.

The WFA annual report, published yesterday, shows that catchers' returns continued to decline steeply last year. The total value of the British catch fell from £212m to £185m in 1980. The average value of each of the main food species was lower than the year before, haddock by a spectacular 18 per cent.

Landings in 1980 by UK vessels totalled 683,000 tonnes, down 11 per cent. In spite of a 3 per cent rise in imports, total supplies were down 7 per cent. But cheap supplies on the world market plus the strength of sterling kept quayside prices below 1979 levels.

Mr Meek defended fishmongers against profiteering charges. The low quayside prices were reflected by slab prices which were up only 4 per cent from the previous year compared with a general inflation rate of around 13 per cent which had affected processing, transport and rates costs.

Brazil frost sends coffee soaring

By Our Commodities Staff

COFFEE PRICES yesterday staged their biggest upsurge since the period following the great Brazilian frost of 1975. The cause was another Brazilian frost.

On the London futures market the September price climbed £283.50 to £1,146.50 a tonne, its highest level since May 19. The price has now risen more than £400 since late last month.

Reports from Rio de Janeiro said sub-zero temperatures yesterday morning left coffee trees in the south of Minais Gerais, Sao Paulo and parts of Parana, all in the heart of the coffee belt, with damage to leaves and the tips of branches.

This season's crop is not likely to be affected but some local traders said, possibly over-pessimistically, that up to 20 per cent of the 1982-83 crop could be lost.

This would still leave coffee supplies comfortable, however. With a bumper Brazilian crop of over 30m bags (60 kilos each) expected this season and a similar one next season, prices have been very depressed of late and the normal precautionary trade covering against the possibility of a Brazilian frost has been absent.

Whale ban rejected

COUNTRIES at the International Whaling Commission meeting in Brighton yesterday voted against a ban on all commercial whaling.

The voting was 16 for the ban, eight against with three abstentions. But the ban proposed needed the support of three-quarters of delegates to succeed. Before the vote Japan, Russia and other whaling nations said there was not enough scientific evidence to support a total ban.

Japan said a ban would be contrary to international law—particularly a nation's right to fish within its 200-mile territorial waters—and that it would feel no moral or legal obligation to respect one.

Britain, backed by the U.S., Australia, New Zealand, India and others, said that a ban should be imposed, at least for the time being, to protect whales. They argued that because the scientific evidence was inadequate, the industry should err on the side of caution.

JAMAICA

Body blows to the bauxite industry

BY CANUTE JAMES IN KINGSTON

THE DECISION of Alcan to reduce bauxite refining in Jamaica is the latest in a series of bodyblows to the island which has been the world's second largest exporter of ore and one of the biggest suppliers to the U.S.

The Alcan cutback is comparatively small—about 3 per cent of the 1.1m tonnes per year combined capacity of its two refineries on the island. However, the industry here is speculating that the company could announce further cutbacks later this summer.

Government spokesmen here haev said the Alcan reduction is even more ominous as the company indicated last month it would not be following a move by Alcoa, which announced a 20 per cent reduction in refining at its 550,000 plant in central Jamaica.

Both companies have said they were forced to reduce refining because of the state of the world aluminium market. Alcoa said there had been a decrease in demand for the metal, and changes in the fabricating industry, such as an increase in the recycling of aluminium cans.

Alcan supplies a Jamaican Government contract with Venezuela for 100,000 tonnes of alumina per year, and has been affected by a reported loss of smelting capacity, at the Venalum smelter.

Eyes are now turned on the islands third refinery, Alumina Partners owned by Kaiser, Reynolds and Anaconda. The company recently announced a $100m plan to exploit new mines and bring production up to full-rated capacity of 1.2m tonnes. Industry analysts say they would not be surprised at a substantial cutback in production by the end of August.

The companies themselves are irritated by aspects of the Government's approach to the industry, particularly the controversial bauxite production levy.

Company heads were surprised to have been invited to Jamaica earlier this year by Mr Edward Seaga, the Prime Minister and Mining Minister, amid indications that he was willing to reduce the levy. Mr Seaga himself had intimated earlier that a reduction of the levy was possible.

However, the Government said in the meeting that it would consider reduction at a later date, and instead proposed to the companies massive increases in bauxite mining and refining. The proposals were rejected.

The levy, which was imposed unilaterally in 1974 by Mr Michael Manley, the former Prime Minister, was negotiated with the companies just over a year ago, and reduced from the original index of 7½ per cent to 7 per cent of the average realised market price of ingot on the U.S. market.

The companies are still pressing for a further reduction, saying their Jamaican operations are not competitive. Unconfirmed reports here say the North American companies would be happy with a levy reduced to either 5½ or 5 per cent. The Jamaican Government has not denied having heard this proposal but is sceptical of ". . . any suggested or planned reduction in the levy rates" being so low.

The announced cutbacks, and those which may be implemented later this year, threaten the Government's efforts to increase production over last year, when 12.5m tonnes of bauxite ore was mined, and 2.4m tonnes of alumina produced.

The industry was apparently well on the way to a substantial increase, on the basis of this year's first quarter figures. Bauxite production for the three month period was 3.2m tonnes, against 2.6m tonnes for the same period last year. Alumina exports for 1981 first quarter totalled 635,000 tonnes, against 438,000 tonnes last year.

Court threat over French farm aids

BY LARRY KLINGER IN BRUSSELS

THE European Commission yesterday renewed its threat to take legal action against France if Paris failed to reply immediately to the Commission's inquiries over the country's allegedly illegal farm aids, estimated to be worth £400m.

Following a further protest from Britain at yesterday's EEC Farm Minister's Council, Mr Frans Andriessen, the Commissioner responsible for competition policy, who is deputising for ailing Agriculture Commissioner Poul Dalsager, said that the French reply was overdue and that the Commission was demanding a full report from France within "the next few days."

The Commission had recently indicated that it was prepared to drop its threat to take the case to the European Court of Justice if France would undertake to phase out its disputed practice of granting large-scale national aids to its farmers. However, Mr Andriessen's remarks clearly indicate that the Commission is running short of patience.

Mr Alick Buchanan-Smith, the British Minister of State for Agriculture who is representing the UK while Agriculture Minister Peter Walker holds the chairmanship of the Council, yesterday called on the Commission to press its inquiries across a whole range of French aids, from direct income support to special payments to beef, milk, sheep and pig producers.

Britain, which says there is growing support for its views in other EEC member-countries, has long maintained that French aids illegally distort competition within the EEC and make a nonsense of the idea of a common and fair agriculture market.

Meanwhile, Mr Buchanan-Smith also raised another issue that has long disrupted Anglo-French relations, the so-called "clawback" levy on British lamb exports to the Continent which the UK claims has seriously hit its lamb sales.

BRITISH COMMODITY MARKETS

BASE METALS

TIN prices advanced strongly for the sixth successive trading day on the London Metal Exchange as fresh heavy speculative demand and rumoured eastern buying lifted forward metal to a year's high of £7,465 prior to a close of £7,435. Other metals lost ground on renewed stop-loss selling prompted by fears of higher American interest rates and the fall in gold. Lead dropped to £422 before closing at £432 and Zinc touched £467 prior to a close of £474.5. Copper was quietly traded and ended at £926.25, while aluminium was finally £653.5 and nickel £3352.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	900-.5	—11.5	900-1	—3
3 months	926-.5	—11	926-.7	—2.75
Settlem't	900.5	—11.5	—	......
Cathodes				
Cash	895-7	—11	893-5	—4
3 months	917.5-8	—10½	916-.5	—5.25
Settlem't	897	—11	—	......
U.S. Prod	—		*80-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £899.5, 900, three months £925, 24, 25, 24.5, 24, 24.5, 24, 25, 25.5, 26, 26.5. Cathodes: Three months £918. Kerb: Wirebars, three months £927, 27.5. Afternoon: Wirebars, three months £926, 26.5, 27, 27.5, 28, 27.5, 27, 25.5. Cathodes: Three months £916.5. Kerb: Wirebars, three months £926, 25, 26. Turnover: 24,250 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7490.5	+67.5	7460-80	+157
3 months	7430-.5	+45	7440-.5	+117
Settlem't	7495	+65	—	......
Standard				
Cash	7490-.5	+67.5	7460-80	+157
3 months	7430-.5	+45	7440-.5	+117
Settlem't	7495	+65	—	......
Straits E.	$31.60	+0.5		......
New York	—	......		

Tin—Morning: Standard, cash £7,470, 90, three months £7,370, 90, 95, 7,400, 10, 40, 50, 45, 40, 30, 35. Kerb: Standard, three months £7,440, 30, 25, 20, 10, 7,400. Afternoon: Standard, three months £7,450, 60, 65, 60, 50, 60, 30, 25, 20, 30, 35, 40. Kerb: Standard, three months £7,440, 30. Turnover: 1,495 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	425-7	—15	427-8	—11.5
3 months	426-7	—13.5	427.5-8	—9.5
S'ment	427	—15	......	......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £426, three months £423, 22, 23, 24, 25, 24.5, 25, 26, 26.5, 26, 25.5, 26. Kerb: Three months £425.5, 25.5, 25, 26. Afternoon: Three months £427, 28, 27.5, 29, 28, 28.5, 28, 27.75. Kerb: Three months £428, 28.5, 29, 30, 31, 32, 31. Turnover: 17,600 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	460.5-1	—16½	464-5	—2.25
3 months	470-.5	—16.5	474-.5	—2.5
S'ment	471	—17	—	......
Primw'ts	—	—	*46.5	......

Zinc—Morning: Cash £460, 60.5, three months £470, 69, 68, 67, 68, 69, 68.5, 68, 68.5, 69, 69.5, 70. Kerb: Three months £470.5. Afternoon: Three months £471, 72, 73, 74, 74.5, 74. Kerb: Three months £474, 73.5, 73, 74, 73. Turnover: 11,475 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	630-.5	—21	633-5	—3.5
3 months	651-2	—20½	653.5-4	+3½

Aluminium—Morning: Cash £630, three months £649, 51, 50, 51, 51.5. Kerb: Three months £651. Afternoon: Three months £651, 50, 51, 52, 51, 51.5, 52, 53, 54. Kerb: Three months £654, 53, 54, 53.5, 54. Turnover: 5,325 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3330-40	+5	3325-50	—1.5
3 months	3350-5	+5	3350-5	+8.5

Nickel—Morning: Three months £3,350. Kerb: Three months £3,355. Afternoon: Three months £3,355. Kerb: Three months £3,350. Turnover: 1,092 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 11.3p an ounce lower for spot delivery in the London bullion market yesterday at 462.55p. *U.S. equivalents* of the fixing levels were: spot $8.542, down 33.3c; three-month $8.938, down 34.3c; six-months $9.343, down 35.7c; and 12-month $10.018, down 37.4c. The metal opened at 455-461p ($8.5-8.6) and closed at 462-469p ($8.56-8.65).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	462.55p	-11.3	464.5p	-3.5
3 months	478.15p	-11.6	479.5p	—4.0
6 months	495.25p	-12.3	—	......
12 months	526.65p	—12.9	—	......

LME—Turnover: 138 (142) lots of 10,000 ozs. Morning: Cash untraded three months 478, 78.5, 78, 77, 76, 76.5, 77, 76, 75.5. Kerb: three months 477.5, 77. Afternoon: three months 477, 79, 79.5. Kerb: three months 481.

COCOA

Commission house short-covering and fresh trade support caused futures to trade limit up and close near the highs of the day. Physical business was scarce which reflected the remittance of producers to re-enter the market, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	1100-50	+56.0	—
Sept.	1120-21	+39.0	1132-80
Dec.	1159-60	+41.0	1165-24
March	1172-74	+37.0	1178-45
May	1183-84	+41.5	1187-55
July	1191-95	+51.5	1191-90
Sept.	1195-10	+42.25	1200-97

Sales: 4,128 (1,025) lots of 10 tonnes.

ICCO Futures—Daily prices for July 22: 93.83 (93.01): five-day average 94.42 (94.60).

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1120-35	+278.5	1130-905
Sept.	1145-48	+283.5	1160-910
Nov	1176-78	+315.0	1179-905
Jan	1190-95	+335.5	1195-900
March	1170-85	+330.0	1200-886
May	1165-95	+332.5	1180-881
July	1175-85	+332.5	1160-916

Sales: 12,567 (5,049) lots of 5 tonnes.

ICO Indicator prices for July 20: (U.S. cents per pound): Comp. Daily 106.50 (96.63); 20-day average 93.45 (93.26).

GAS OIL FUTURES

A sharp fall in prices on the physical market pushed futures down. On the reopening prices continued to fall, making new lows, with the strong dollar deterring buyers.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
July	294.00	—7.50	296.00-91.00
August	297.75	—6.00	303.00-95.50
September	298.75	—6.50	304.00-98.00
October	301.50	—4.50	306.50-01.50
November	304.75	—4.75	308.00-04.50
December	307.75	—5.00	311.00-07.75
January	311.00	—4.50	311.50-11.00
February	314.50	—4.00	315.50-14.50
March	317.00	—3.75	317.00-16.75

Turnover: 1,404 (921) lots of 100 tonnes.

GRAINS

The market opened 40p up wheat and 25p up barley in light trade. Wheat found good two-way trade during the morning session. During the afternoon both Wheat and Barley continued to make further gains but Barley found more support on the close, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep...	104.15	+1.0	98.20	+0.4
Nov...	108.90	+0.85	102.60	+0.78
Jan...	112.35	+1.05	106.60	+0.70
Mar...	116.45	+1.05	110.20	+0.78
May.	119.90	+1.15	113.40	+0.55

Business done—Wheat: Sept 104.30-103.90, Nov 108.40-107.75, Jan 112.3-112.05, March 116.55-115.80, May 120.20-119.60. Sales: 336 lots of 100 tonnes. Barley: Sept 98.35-98.05, Nov 102.60-102.20, Jan 106.60-106.30, March 110.25-109.75, May 113.35-113.20. Sales: 418 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S East 92.00, S West 92.00, W Mids 92.00, N West 93.00. The UK Monetary Coefficient for the week beginning Monday July 27 is expected to remain unchanged.

RUBBER

The London physical market opened steadier, with little interest at the higher levels. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 235.5 (233.5) cents a kg and SMR 20 211 (209).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	58.90	58.80	58.00
Sept.	61.00	59.80	—
Oct-Dec	61.60-61.70	61.10-61.30	62.30-61.60
Jan-Mar	65.80-65.90	65.50-65.70	64.70-65.70
Apl-Jne.	66.80-66.90	68.00-66.80	67.50-66.50
Jly-Sept	69.60-69.70	69.50-69.70	70.00
Oct-Dec	72.70-72.80	72.50-72.80	72.70
Jan-Mar	75.60-75.80	75.40-75.50	75.70
Apl-Jne.	78.60-78.70	78.40-78.50	78.50-78.20

Sales: 307 (318) lots of 15 tonnes: nil (nil) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 59.00p (58.50p); Aug 58.00p (57.75p): Sept 58.50p (58.50p).

SOYABEAN MEAL

The London market opened slightly easier in quiet trading conditions. Mixed buying saw limited offers and the markets remained steady closing 50p higher on day, reports T. G. Roddick.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	132.50-32.7	—0.15	132.70-32.10
October	134.50-34.7	+0.35	134.60-33.80
December	138.70-39.0	+0.35	138.90-38.50
February	141.50-42.0	....	141.50
April	142.00-45.0	—1.5	—
June	144.00-48.0	—0.50	—
August	148.00-49.0	—3.5	—

Sales: 121 (138) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £214.00 (£212.00) a tonne cif July-Aug-Sept shipments. White sugar daily price £233.50 (£230.00).

The market opened around overnight levels. Prices moved ahead following report of frost damage to the Brazilian crop and the market closed at the high, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	217.00-17.50	208.00-08.25	218.25-10.75
Oct.	217.75-18.00	209.10-09.25	218.25-08.00
Jan.	216.00-16.25	207.75-08.25	215.00-12.00
March	219.50-20.00	211.00-11.25	219.75-11.25
May	220.00-21.00	212.50-12.70	218.00-15.50
Aug	221.30-25.00	213.50-104.5	—
Oct.	222.50-24.25	214.50-15.50	215.00

Sales: 7,204 (5,397) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was 380.4 (same) a tonne for home trade and £322.50 (£320.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 20: Daily price 15.89 (—); 15-day average 16.08 (—).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kilo. Aug 420; Oct 400, 410; Dec 406, 408, 408; Jan 407, 410, 410; March 418, 421, 419; May 427, 430, 430-428; Aug 436, 440, 437; Oct 439, 444, 440; Dec 438, 444, 442-441; Jan 440, 449, 442. Sales 26.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business) Australian cents per kg. July 498.3, 499.0, 499.0-498.0; Oct 500.5, 501.0, 501.5-500.0; Dec 507.5, 507.9, 508.5-507.0; Mar 518.5, 519.0, 518.5-518.0; May 525.0, 526.0, 525.5; July 530.5, 531.0, 530.5; Oct 528.0, 530.0, untraded; Dec 533.0, 536.0, untraded. Sales: 200.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 33 tonnes. Minor weights were under review and the offtake was not particularly extensive. Scattered demand developed in American type varieties, with some specialist growths attracting attention.

POTATOES

LONDON POTATO FUTURES—The market was nervous. And this spread to the other positions attracting selling. At the close, all positions were steady, having moved off the day's lows mid afternoon, reports Coley and Harper. Closing prices Nov 78.80, —1.20 (high 80.00, low 78.00): Feb 89.00, +5.0 (high 90.00, low 88.20): April 99.90, +1.0 (high 100.30, low 99.00). Turnover: 441 (535) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 72.0 to 77.0; Ulster hindquarters 80.0 to 84.0, forequarters 54.0 to 57.0; Eire hindquarters 79.0 to 84.0, forequarters 55.0 to 58.0. Veal: Dutch Hinds and Ends 120.0 to 128.0. Lamb: English small 54.0 to 58.0, medium 50.0 to 56.0. Imported Frozen: New Zealand PL 57.0 to 60.0, PM 55.0 to 56.0. Pork: English, under 100 lb 46.5 to 51.0, 100-120 lb 44.0 to 50.0, 120-160 lb 38.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets *on July 21: GB—Cattle 85.90p per kg* lw (—1.69). UK—Sheep 119.43p per kg est dcw (—7.61). GB—Pigs 66.32p per kg lw (+0.23).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 5.10, 56 5.90, 72 5.95, 88 5.35, 112 4.90, 138 4.85, 150 4.40; Californian: 72/113 6.50-7.50. Lemons—Spania: boxes 5.50-6.50, trays 25/50 2.00-2.80; Californian: 95/145 4.00-5.50; Outspan: 80/195 6.00-7.50; Italian: 100/120 7.00. Grapefruit—Outspan: 40 4.65, 48 4.85, 56 4.20, 64 3.70, 72 3.30; Jaffa: 20-kilos 40 2.50-3.00, spring crop 3.80-4.00. Apples—S. African: Granny Smith 5.40-6.30, Golden Delicious 5.00-5.50, Starking 4.00-6.00, York 3.80-5.00; Chilean: Granny Smith 4.00-4.50, Starking 5.00; Italian: Starking 4.00; New Zealand: Granny Smith 5.40-6.40, Sturmer Pippin 5.00-5.50, Dougherty 7.50-7.60; Tasmanian: Granny Smith 5.00, Sturmer Pippin 4.50-5.00, Democrat 6.50-6.80, Crofton 7.50; U.S.: Red Delicious 10.00-11.00; French: Golden Delicious 40-lb 125/175 3.50-4.50. Pears—Victorian: Winter Nelis 4.00-4.60, Packham's 5.30-6.30, Josephines 5.00-5.50; Spanish: Per pound Morettini 0.15. Nectarines—Italian: Large trays A/C 4.00-6.00. Plums—Spanish: Roses 3/8 2.00-3.80, per pound Burbank 0.20-0.25. Apricots—Hungarian: 13-lb 2.40. Cherries—Per pound U.S.: 0.80-0.85. Grapes—Israeli: Perlette 9-lb 4.50, Cardinal 4.60, Thompson 5.00; Cyprus: Cardinal 11-lb 4.95, Sultana 6.00, Thompson 6.05-7.15. Melons—Israeli: Carmel yellow 6/12 2.50-3.50; Spanish: 10-kilos yellow 3.00-3.50. Water-Melons—Spanish: 15-kilos 2.50-3.00, 12-kilos 1.50-2.50; Italian: 25-kilos 4.00-4.50. Peaches—Italian: Large trays A/D 1.70-2.60; French: 1.20-2.00. Pineapples—Ivory Coast: Each 0.40-0.90. Bananas—Per pound Colombian: 0.18-0.20. Avocados—S. African: 12/16 3.80-4.00; Kenyan: 4.80-5.00. Tomatoes—Dutch: 13-lb 1.50-1.80. Onions—Spanish: Liria 3/5 3.50-4.50; Egyptian: 4.00. Potatoes—Jersey: New, per 55-lb 3.00; Cyprus: 44-lb bags 5.20. Capsicums—Dutch: 5-kilos green 3.30, red 4.50; Italian: 6-kilos green 3.00. Aubergines—Dutch: 5-lb 3.30. Cabbages—Dutch: white 8.00, red 5.00. Fennel—Dutch: Per 12-lb 2.80.

English Produce: Potatoes—Per 55-lb white 2.80-3.00, red 3.00-3.20. Mushrooms—Per pound open 0.30, cup 0.40, closed 0.60. Apples—Per pound Bramley 0.10-0.16. Cauliflowers—Per 12 Lincoln 2.80-3.00. Cabbages—Per bag spring 22-lb 1.00-1.50, Primo 20-lb 1.50-2.00. Lettuce—Per 12 round 1.00-1.40, Cos 10/12 2.00. Tomatoes—Per 12-lb D 1.40-1.60, E 1.40. Radishes—Per pack of 12 x 8oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.20-3.80. Celery—Per 15/24 2.50-3.50. Cucumbers—Per 10/20 1.20-1.60. Gooseberries—Per pound, 12-lb Levellers 0.10-0.30. Broad Beans—Per 24-lb 0.08-0.09. Peas—Per 20-lb net 1.00-1.60, Per 40-lb 2.50-3.50. Carrots—Per 26/28-lb 1.50-3.00. Strawberries—Per ½-lb 0.20-0.35. Raspberries—Per ¼-lb 0.16-0.25. Beetroots—Per 28-lb 1.50-2.00. Marrows—Each 0.12-0.15. Cherries—Per pound 0.50-0.60. Fennel—Per 11-lb 3.85.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, codlings £2.60-£3.50. Large haddock £3.20-£4.20, small £1.60-£2.60. Large plaice £4.30-£5.60, medium £4.00-£5.40, best small £3.40-£4.30. Large skinned dogfish £8.00-£9.00, medium £5.50-£7.00. Large lemon soles £7.50, medium £7.00. Rockfish £3.00. Saithe £1.60-£2.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 21 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1160/1190	+10.0	$1215/124
Copper			
Cash w'bar	£900.5	—3.00	£860.5
3 mths	£926.50	—2.75	£888.75
Cash Cathode	£894	—4.00	£853.75
3 mths	£916.25	—5.25	£876.75
Gold troy oz	$407.0	—5.0	$465.5
Lead Cash	£427.50	—11.75	£363.25
3 mths	£427.75	—9.50	£369.75
Nickel	£3,850.50	....	£3,504.50
Freemkt	275/295c	....	275/285c
Platin'mtr'y oz	£247.0	....	£247
Freemkt	£220.05	+0.55	£230.85
Quicksilvert	$428/435	—2.0	$420/430
Silver troy oz	462.55p	—11.3	512.20p
3 mths	478.15p	—11.6	527.70p
Tin Cash	£7,470	+157.5	£6,355.5
3 mths	£7,442.5	+117.5	£6,487.5
Tungsten22.04lb	$143.64	....	$145.09
Wolfrm 22.04 lb	$149/152	....	$147/149
Zinc Cash	£465	—2.25	£434.5
3 mths	£474.25	—2.50	£433.25
Producers	$925	....	$925
Oils			
Coconut (Phil)	$585w	—5.00	$585.0
Groundnut	‡	....	‡
Linseed Crude	£452	....	£442
Palm Malayan	$570x	—10.00	$610.0
Seeds			
Copra Philip	$370w	....	$370.0
Soyabean(U.S.)	$296.0	—9.2	$289.0
Grains			
Barley Fut.Nov	£102.60	+0.78	£95.25
Maize	—	....	£127.5
WheatFut. Nov	£108.20	+0.85	£100.05
No2 HardWint	—	....	£106.50
Other commodities			
Cocoa ship't*	£1161	+58.50	£850.0
Future Sept	£1120.5	+38.00	£789.5
CoffeeFt' Sept	£1146.50	+283.5	£734.5
Cotton A.Index	85.85c	....	87.40c
Gas oil Aug	$297.75	—6.00	$285.0
Rubber (kilo)	59.00p	—0.50	58.5p
Sugar (Raw)	£214.00	—3.0	£200.0
Woolt'ps 64s kl.	387p kilo	....	381p kilo

‡ Unquoted. y Aug-Sept. w July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 21.

Precious metals and copper were mostly lower as interest rates advanced further in the futures markets. The livestock complex finished sharply lower due to a bearish cold storage report and a disappointing cattle on feed report. Coffee and sugar exploded to the upside on reports of damage to the Brazilian crops in Sao Paulo and Parana. Cocoa also experienced a major rally following some favourable grind reports. Heating oil was lower on good profit-taking. Cotton was higher on short covering as the market is correcting an oversold position. *A late rally in the grains and soyabeans* was caused by short covering. Reported by Heinold Commodities.

Potatoes (round whites)—Nov 73.1-74.0 (73.9). Feb 83.9 (84.7), March 87.2-87.7, April 99.4-99.5. Sales: 477.

¶Silver—July 868.5 (868.5). Aug 872.0 (872.0), Sept 884-0-886.0, Dec 923.0-926.0, Jan 937.0, March 965.0, May 986.0, July 101.05, Sept 103.50, Dec 107.25, Jan 108.50, March 110.95, May 113.40

Pork Bellies—July 50.78 (52.70), Aug 49.90-49.90 (51.90), Feb 63.05-63.05, March 63.15, May 64.10, July 65.20, Aug 64.80.

Tin—621.00-640.00 (625.00-635.00).

CHICAGO, July 21.

Lard—Chicago loose 23.00 (23.00).

Live Cattle—Aug 64.70-64.85 (65.75), Oct 62.25-62.35 (62.80), Dec 63.25-63.35, Feb 63.95-63.85, April 64.85, June 65.82, Aug ——.

Live Hogs—Aug 50.17 (51.67), Oct 48.17-48.17 (49.67), Dec 50.72, Feb 52.37-52.60, April 51.50, June 54.40-54.40, July 54.60, Aug 52.80.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—July 189.0 (185.7), Sept 189.0 (187.6), Dec 197.6, May 207.5 July —, Sept —, Dec—. Sales: 1,178.

Coffee—"C" Contract: July 110.00 (104.00), Sept 106.63 (102.63), Dec 100.59, March 96.60. Sales: 3,038.

Copper—July 75.90 (70.05); Aug 76.20 (77.55), Sept 77.45, Dec 81.05, Jan 82.30, March 84.70.

Cotton—No 2: Aug 80.10 (80.60), Oct 76.50-(76.52), Dec 77.05, March 78.95, May 80.50, July 82.00, Oct 80.60, Dec 80.50. Sales: 4,800 lots.

*Gold—July 408.9 (417.5), Aug 410.5 (418.5), Sept 415.0, Oct 421.0, Dec 432.0, Feb 443.2, April 453.8, June 464.4, Aug 475.1. Sales: 35,000 lots.

Heating oil (cents per U.S. gallon)—Aug 0.9558 (0.9465), Sept 0.9754 (0.9595), Oct 0.9878, Nov 1.0050, Dec 1.0198, Jan 1.0330, Feb 1.0460, March 1.0600, April 1.0675, May 1.0770, June 1.0825, July 1.0850, Aug 1.0925. Turnover: 9,104.

*Platinum—July 399.6 bid (412.1), Aug nil (nil), Sept nil, Oct 410.5, Jan 425.5, April 442.6, July 458.9, Oct 475.5. Sales: 1,837.

Sugar—No. 11: Sept 16.03 (16.10), Oct 16.10 (16.21), Jan 15.28, March 16.49, May 16.72, July 16.86, Sept 17.13, Oct 17.35. Sales: 8,650.

CHICAGO, July 20.

Chicago Imm Gold—July 407.8 (417.0), Aug 410.8 (420.5), Sept 415.8, Oct 421.1, Dec 431.7, Jan 437.0, March 447.7, April 453.0, June 463.8, July 459.2.

Lard—New York prime steam 23.00 (—).

‡‡Maize—July 332¼-332¼ (342¼), Sept 338¼-338¼ (348¾), Dec 346¾, March 360, May 366¼, July 372.

†Soyabeans—July 718 (742), Aug 719 (740½), Sept 726½, Nov 745, Jan 764, March 783, May 799½, July 812½.

Soyabean Oil—July 23.50 (23.94), Aug 23.80-23.88 (24.13), Sept 24.10-24.05, Oct 24.45, Dec 25.18, Jan 25.45, March 26.10, May 26.60, July 27.15, Aug 27.10.

‖Soyabean Meal—July 205.2 (205.0), Aug 206.2 (206.25), Sept 208.1, Oct 210.3, Dec 216.6, Jan 218.7, March 227.0, May 230.0, July 233.1, Aug 233.5.

†Wheat—July 382½-383 (388½), Sept 397½-398½ (403¾), Dec 427½-428, March 451-450¾, May 465, July 472-471.

WINNIPEG July 20

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence. July 179.50 (183.00).

EUROPEAN MARKETS

ROTTERDAM, July 21.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Aug 200, Sept 202. U.S. No Two Red Winter July 151, Aug 157. U.S. No Two Northern Spring 14 per cent Aug 190.50, Sept 192, Oct 195, Nov 201.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 290.50, Sept 290, Oct 291, Nov 292, Dec 298, Jan 304, Feb 308, Mar 313, April 316, May 318, sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 237/236 Aug 237 traded afloat Aug 237, Sept 242.50, Oct 247.50 Nov/Mar 257, Brazil Pellets afloat 247, July 246, Aug 247.50, Sept 251, Nov/Mar 273.50, sellers.

PARIS, July 21.

Sugar—Sept 1210/20, Dec 1252/65, March 1280/95, May 1325, July 1345, Sept 1365. Sales at call nil.

INDICES

FINANCIAL TIMES

July 20	July 17	Month ago	Year ago
267.52	262.76	244.48	273.41

(Base: July 1, 1952=100).

MOODY'S

July 20	July 17	Month ago	Year ago
1063.4	1058.2	1088.6	1185.9

(December 31, 1931=100)

DOW JONES

Dow Jones	July 20	July 17	Month ago	Year ago
Spot	376.98	380.65	374.26	486.90
Fut'rs	384.28	385.65	375.22	442.27

(Average 1924-25-26=100)

REUTERS

July 21	July 20	M'nth ago	Year ago
1704.2	1703.6	1737.0	1689.1

(Base: September 18, 1931=100)

Gloomy Australian farm outlook

BY PATRICIA NEWBY IN CANBERRA

THE GROSS value of Australian farm production for the financial year which began on July 1 is expected to be a record $A12.4bn, according to figures released yesterday by the Australian Bureau of Agricultural Economics (BAE).

The BEA says in its Trends in the Australian Rural Economy that after allowing for inflation, the results expected for the farm sector in 1981-82 will be much the same as last year's drought-affected performance.

Equity leaders down for fourth day running but close well above worst—Long Gilts steadier but shorts lower

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 26	Aug 27	Sept 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

The maintenance of U.S. interest rates at near-record levels added to the London stock market's worries about sterling which yesterday showed further marked weakness against the dollar. Fresh Bank of England cash assistance to money markets again eased the upward pressures on short-term rates yesterday morning without reassuring either the market in Government securities or in equities.

Leading shares opened lower influenced by Wall Street's sharp overnight fall, while the bulk of secondary equities moved down in line with Monday's weakness in the UK leaders. **Hanson Trust's** announcement of a £42.7m cash call revived concern about the extent of equity funding demands and trade was further curtailed. A small two-way business was effected, and prices tended to pick up under the lead of Electricals. **Thorn EMI** were outstandingly firm throughout and eventually encouraged a broader recovery in the sector.

The movement spread to other sectors after the official close and the FT Industrial Ordinary share index, which had shown a fresh loss of 5.6 at 2.00 pm, closed only 1.8 down on the day at 512.2. Of the 30 constituents, 10 finally settled with net gains, the principal movement being Thorn EMI's rise of 10 to 440p.

Gilt-edged securities stayed uncertain in the early dealings, but the appearance of a few cheap buyers soon restored medium and longer-dated stocks to around overnight list levels. The shorts, meanwhile, were weighed down by the continuing tightness of near money and lost about ½. Low-coupon issues remained out of favour and displayed heavier falls ranging to ¾ as in Funding 5¼ per cent 1982-84, at 86¾. Confirmation that the U.S. Federal Reserve Board was to continue with its tight money policy caused no surprise and Gilts were tending to improve in the late trade.

Traded options attracted 1,963 deals, the total being boosted by an exceptionally active trade in **Imps** which recorded 942 calls with the November and February 70's accounting for 408 apiece.

As expected following the poor response at issue, **Hamilton Oil** made a subdued market debut at 132p, a discount of 8 on the offer price of 140p. **Aerospace Engineering**, Monday's newcomer to the Unlisted Securities Market, dipped to 155p before closing 4 cheaper at 160p compared with the offer price of 153p.

Banks dip and rally

Under early pressure on suggestions, later denied, that **Midland** might launch a rights issue with its interim results on July 31, the major clearing banks, with the notable exception of **Lloyds**, 10 down at 398p, after 394p, picked up to close with minor losses. **Midland** finished 4 off at 328p, after 322p, and **Barclays** similarly lower at 438p, after 432p. **NatWest** settled 2 cheaper on balance at 410p, after 404p. Discounts continued to reflect the weakness of gilt-edged, **Union** shedding 15 more to 440p and **Hambros** 30 to 840p. Among Hire Purchases, **Sterling Credit** touched 11p before reverting to the overnight level of 11½p; the 3½ per cent convertible, issued in connection with the acquisition of Winston Estates, opened at 97½p and closed at 92½p.

Composite and Life Insurances contrasted. In the former sector, the appearance of cheap buyers left **Commercial Union** 3 dearer at 179p and **Royals** 5 up at 368p. **Sun Alliance** hardened 4 to 884p and **Eagle Star** a couple of pence to 300p. Among the latter sector, however, **Sun Life** encountered selling and shed 9 to 304p, after 303p, while **Pearl** lost 6 to 414p and **Legal and General** 3 to 222p. Brokers had a firm feature in **Hogg Robinson**, which jumped 7 to 114p following the better-than-expected preliminary results.

Technical influences prevailed in Breweries which, having been a few pence lower for most of the session, reverted to the overnight levels after the "House" close.

Leading Buildings drifted lower on csattered selling and lack of support, but closing levels were occasionally above the worst. **Blue Circle** slipped to 454p before finishing 4 cheaper on balance at 458p, while **B.P.B.** ended a like amount down at 237p, after 234p. **Tarmac** shed 6 to 358p and **London Brick** 2½ to 63p. Elsewhere, **Edward Jones** were quoted at 23p ex the rights issue, down 4, with the new nil paid convertible at 10½p premium. **Fairclough Construction** drifted off to close 4 cheaper at 117p, while **George M. Callender**, 58p, and **Bryant**, 69p, shed 3 apiece.

After opening a couple of pence cheaper at 258p, **ICI** picked up to close that much dearer on balance at 262p. **Fisons** also hardened 2, to 135p.

Thorn EMI firm

Interest in Stores remained at a disappointing level and, although the leaders often finished above the day's worst, losses still ranged to 7. **Gussies "A"** gave up that amount for a two-day fall of 18 at 430p, while **Mothercare** eased 2 more to 196p. **Polly Peck** continued to react on profit-taking and shed 8 to 335p, while **Cornell Dresses** declined 5 to 157p in sympathy. **MFI**, 58p, encountered nervous offerings in front of tomorrow's full-year figures and lost the previous day's gain of 3.

Down to 710p in the early dealings, **GEC** recovered and settled with a net gain of 8 at 723p. Buyers also showed interest in **Plessey**, 5 to the good at 332p, after 323p. **Thorn EMI**, however, traded firmly throughout the session and ended 10 higher at 440p. Most secondary issues failed to join in the late rally, falls of 10 and 6 respectively being marked against **Kode**, 285p, and **Sound Diffusion**, 104p.

Hanson Rights

Marked down a few pence initially, leading Engineerings rallied to end little changed. **John Brown** closed 2 off at 83½p awaiting Friday's preliminary statement. Losses were fairly widespread throughout secondary issues, with **Staveley** falling 10 to 235p and **United Engineering** 7 to 205p. **Babcock International**, 2 cheaper at 103p, failed to benefit from the £2.6m Swedish boiler contract. Against the trend, **Wadkin** hardened 3 to 73p and **Brockhouse** a similar amount to 26p following Press mention.

Leading miscellaneous industrials opened lower, but most quotations rallied to end only a few pence off on balance. **Metal Box** closed with a fall of 4 at 156p, while **Turner and Newall** ended similarly cheaper at 79p. Secondary isues recorded widespread losses. **Hanson Trust**, on news of the the £42.7m rights issue of Convertible loan to Ordinary holders, fell to 264p before settling at 266p for a fall of 10. **Barget**, a good market of late, reacted afresh to 215p, down 10, while renewed offerings left **Cape Industries** 6 lower at 172p. **Silentnight**, 87p, and **Wade Potteries**, 41p, fell 4 apiece. **Aero Needles** closed similarly cheaper at 18p following the passing of the dividend and the year's pre-tax loss. **A. Kershaw** reacted another 10 to 260p in a limited market and **Gripperrods** fell 9 to 135p. **British Aerospace**, a few pence off at one stage, rallied to close without alteration at 223p after news that the company had been chosen by the Ministry of Defence to be the prime contractor for a satellite system for UK military communications. Still reflecting good preliminary results, **Initial Services** improved 2 more to 228p. **Sangers** closed 4 up at 81p; it was announced yesterday that Paget Agencies in conjunction with their associates acquired 1m shares in the company on July 16 to increase its holding to 14.76 per cent.

Dowty profits

Preliminary profits from **Dowty** were a shade below expectations, but the shares, down to 273p in front of the announcement, were aided by the proposed 1-for-2 scrip issue and increased dividend and rallied to 279p before settling for a net fall of 4 at 277p.

William Collins A remained on offer at 143p, down 5, still reacting to the lapsing of News International's offer; the Ordinary, on the other hand, ended a couple of pence better at 225p. **News International** gave up 2 to 113p. Elsewhere, **Associated** shed 9 to 226p on late selling, while **Daily Mail A** fell 7 to 431p.

Dearer money fears continued to weigh heavily on Properties which were subjected to another bout of selling. A mid-session rally petered out and quotations drifted back to close at, or near, the day's lowest. **Land Securities** lost 5 for a two-day fall of 15 to 323p, after 321p, while **MEPC** shed 4 more to 226p, after 224p. **Great Portland Estates** also came on offer and shed 8 to 226p. Elsewhere, **Lynton**, 260p, and **Rosehaugh**, 294p, eased 6, while **Thames Investment** lost 11 to 205p. Against the trend, **Law Land** hardened a penny to 121p following the revised share-exchange offer from **Churchbury Estates**, 10 up at 730p.

Ultramar up

Oils were quiet but, in line with the general trend, rallied from initial lower levels. Still reflecting recent Press mention, **Lasmo** finished 10 to the good at 563p and **Ultramar** 11 higher at 483p.

Movements in Investment Trusts were usually against holders. **Ailsa**, firm of late on future development prospects, gave up 5 to 213p, as did **Atlantic Assets**, to 263p. **Dualvest Capital**, 458p, and **Triplevest Capital**, 352p, eased 10 and 6 respectively, while **Gresham House** closed 7 cheaper at 290p. **RIT**, on the other hand, added 4 to 370p following the near-20 per cent increase in annual profits.

Financials also trended lower. **Hampton Trust** lost 3 to 37p awaiting today's interim statement.

The two main sectors of mining markets—South African Golds and Australians—sustained sizeable losses as fears of higher interest rates upset precious and base-metal prices.

Golds were marked down at the outset and remained under persistent pressure for the rest of the day before closing a fraction above the lowest as the bullion price fell $5 to $407 an ounce. The Gold Mines index dropped 13.5 to 321.7.

In the heavyweights, **Western Holdings** were particularly weak and gave up £2¼ to £25¾, while falls of between £1½ and £2 were common to **Free State Geduld**, £18¾, **President Brand**, £17¼, and **St. Helena**, £16½. **Hartebeest** lost ¾ to £26⅝ in front of the quarterly report.

South African Financials mirrored the weakness of Golds. **Middle Wits** fell another 10 to 700p reflecting the poor performance in the June quarter by its 24 per cent-owned Prieska base-metals mine.

Initially weak, London Financials staged a good rally in after-hours' dealings led by **RTZ**, which recovered to close a net 5 up at 520p, after 507p in front of today's meeting with institutional investors.

Increases in domestic interest rates caused heavy losses in overnight Sydney and Melbourne markets and led to a sharp markdown in London at the outset.

Double figure losses were widespread among the leading issues, among which **Western Mining** fell 14 to 290p, **EZ Industries** 25 to 315p, **Pancontinental** 15 to 355p and **Peko-Wallsend** 10 to 440p.

The speculatives were equally affected with **Central Pacific** 10 off at 70p, **North West Mining** 9 cheaper at 44p and **Haoma Gold** 7 lower at 61p.

FINANCIAL TIMES STOCK INDICES

	July 21	July 20	July 17	July 16	July 15	July 14	A year ago
Government Secs.	63.12	63.14	63.45	63.90	64.09	64.27	72.34
Fixed Interest	65.36	65.51	66.12	66.34	66.29	66.31	73.84
Industrial Ord.	512.2	514.0	523.7	529.3	533.7	531.9	496.7
Gold Mines	321.7	335.2	332.9	335.2	316.0	314.5	361.5
Ord. Div. Yield	6.16	6.16	6.05	6.00	5.96	5.98	7.45
Earnings, Yld. % (full)	11.81	11.81	11.60	11.57	11.48	11.52	16.08
P/E Ratio (net) (*)	10.63	10.63	10.82	10.83	10.91	10.87	6.66
Total bargains	20,216	16,832	17,350	16,451	16,945	18,098	24,208
Equity turnover £m.	—	115.27	171.07	143.64	119.99	102.78	125.21
Equity bargains	—	11,832	12,574	13,120	11,587	13,148	17,445

10 am 508.7. 11 am 510.0. Noon 509.5. 1 pm 509.5. 2 pm 508.4. 3 pm 508.6.

Latest Index 01-246 8026.

*Nil=9.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 20	July 17
—Daily Gilt Edged Bargains	187.4	171.6
Equities Bargains	76.7	88.1
Value	233.0	345.8
5-day Avrge. Gilt Edged Bargains	189.4	198.2
Equities Bargains	80.7	82.5
Value	263.9	257.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (21)

AMERICANS (5)
Bendix Corp. Shell Oil
Chesebrough-Pond's Sun Co. Inc.
Colt Inds.

CANADIANS (3)
Bank of Montreal Canadian Imp. Bank
Bank of Nova Scotia

BANKS (1)
ANZ

BUILDINGS (1)
McLaughlin & Harvey

ELECTRICALS (1)
Thorn EMI

ENGINEERING (2)
Farmer (S. W.) Hallite

INDUSTRIALS (4)
Baxter Travenol Hill (C.) of Bristol
Borg-Warner Schlumberger

NEWSPAPERS (1)
Assoc. Book Pubs.

SHOES (1)
Garnar Booth

TRUSTS (1)
Lowland Inv.

MINES (1)
Messina

NEW LOWS (102)

BRITISH FUNDS (21)
INTERNATIONAL BANK (1)
CORPORATION LOANS (7)
COMMONWEALTH AND AFRICAN LOANS (1)
LOANS (5)
FOREIGN BONDS (1)
BANKS (2)
BEERS (1)
BUILDINGS (1)
DRAPERY AND STORES (6)
ELECTRICALS (2)
ENGINEERING (9)
FOODS (1)
INDUSTRIALS (15)
INSURANCE (1)
LEISURE (3)
MOTORS (2)
PROPERTY (2)
TOBACCOS (1)
TRUSTS (9)
OIL AND GAS (5)
OVERSEAS TRADERS (2)
TEAS (1)
MINES (3)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	37	48
Corpns., Dom. and Foreign Bonds	1	25	43
Industrials	88	589	693
Financial & Props.	24	306	171
Oils	6	61	27
Plantations	1	14	8
Mines	8	115	44
Others	46	84	67
Totals	182	1,231	1,101

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Aerospace	223	—	Land Sec.	323	−5
Dowty	277	−4	Plessey	332	+5
GEC	723	+8	RTZ	520	+5
GUS A	430	−7	Shell Transport	368	—
Hanson Trust	266	−10	Sun Life	304	−9
Hogg Robinson	114	+7	W. Mining	290	−14

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Chloride 7½%pf	17	2½pm	—	Initial Services	11	228	+10
BAT Inds.	13	341	−9	LASMO	11	553	+3
Lloyds Bank	13	408	−12	Vinten	11	302	+28
Midland Bank	13	332	−18	Barget	10	225	+15
NatWest Bank	13	412	−13	Brit. Aerospace	10	223	−5
Barclays Bank	12	442	−13	RTZ	10	515	−5
GEC	11	715	−13	Royal Ins.	10	363	−7

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 20	July 31	Oct 22	Nov 2
Aug 3	Aug 14	Nov 5	Nov 16
Aug 17	Aug 28	Nov 19	Nov 30

For rate indications see end of Share Information Service

Stocks favoured for the call included FNFC, Bula, Keith Collins Petroleum, Wearwell, Chloride, Moben, Strata, Imps, Venterspost, NCC, Commercial Union, Tubes, Town and City Properties, Transparent Paper and Sangers. No puts were reported, but doubles were arranged in ICI, FNFC, BP and Town and City Properties.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., July 21, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. July 20 Index No.	Fri. July 17 Index No.	Thur. July 16 Index No.	Wed. July 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	341.15	−0.5	10.70	4.58	11.54	343.01	347.94	349.38	351.26	281.75
2	Building Materials (25)	293.26	−1.1	13.40	5.81	9.09	296.60	300.32	302.23	302.31	264.84
3	Contracting, Construction (28)	545.58	−1.5	17.40	5.20	6.68	553.75	555.78	557.54	553.18	419.77
4	Electricals (29)	1124.64	+0.5	8.17	2.44	14.96	1118.82	1136.06	1140.05	1152.98	802.50
5	Engineering Contractors (11)	480.45	−2.4	12.40	5.61	9.71	492.07	495.87	496.88	500.25	333.90
6	Mechanical Engineering (69)	202.62	−0.9	13.00	5.87	9.69	204.54	207.93	208.83	209.92	184.25
8	Metals and Metal Forming (13)	142.50	−1.5	11.16	8.34	11.75	144.61	146.57	145.83	147.62	170.82
9	Motors (21)	95.63	−0.1	2.28	7.30	—	95.75	97.35	98.57	98.98	102.79
10	Other Industrial Materials (18)	365.31	−1.5	9.99	5.49	12.00	370.78	377.49	379.75	378.76	0.00
21	CONSUMER GROUP (195)	270.67	−0.7	12.74	5.92	9.69	272.48	276.93	279.76	279.67	232.46
22	Brewers and Distillers (20)	297.50	−0.5	14.94	6.48	8.03	299.10	307.09	310.51	309.39	286.62
25	Food Manufacturing (21)	254.21	−0.6	15.18	6.56	7.94	255.67	257.81	259.80	259.38	217.27
26	Food Retailing (14)	517.99	−0.7	9.50	3.43	12.55	521.72	525.92	527.47	526.35	345.16
27	Health and Household Products (7)	324.47	−0.1	8.49	4.51	14.03	324.69	331.35	337.72	339.50	230.32
29	Leisure (22)	426.81	+0.1	10.10	4.92	12.23	426.28	430.18	431.30	432.74	396.92
32	Newspapers, Publishing (12)	489.12	−1.5	12.73	6.12	11.18	496.61	502.62	504.41	508.27	443.50
33	Packaging and Paper (13)	138.83	−1.0	15.13	7.63	7.85	140.22	142.31	144.50	145.24	137.17
34	Stores (44)	251.02	−1.2	11.61	5.31	11.47	254.19	258.30	261.84	261.54	229.42
35	Textiles (23)	155.07	−0.4	7.62	5.89	18.82	155.66	158.14	159.97	159.71	128.12
36	Tobaccos (3)	239.92	−0.5	21.18	10.40	5.53	241.01	247.24	248.31	248.32	228.74
39	Other Consumer (16)	289.21	−2.7	5.62	6.46	33.64	297.17	298.73	299.67	297.33	0.00
41	OTHER GROUPS (79)	218.71	−0.5	13.53	6.92	9.05	219.72	223.02	224.32	224.97	228.31
42	Chemicals (15)	270.05	+0.3	12.04	7.69	10.38	269.11	275.65	278.10	279.33	321.05
44	Office Equipment (6)	107.12	—	15.42	7.67	7.81	107.13	107.13	108.02	110.78	106.47
45	Shipping and Transport (13)	530.40	−0.6	16.64	7.16	7.05	533.83	538.68	540.42	540.17	602.93
46	Miscellaneous (45)	288.61	−1.4	13.57	5.80	9.05	292.64	295.79	296.62	295.74	284.44
49	INDUSTRIAL GROUP (488)	287.39	−0.6	12.06	5.53	10.22	289.10	293.56	295.72	296.38	253.12
51	Oils (12)	694.40	−0.6	24.16	8.28	4.59	698.87	706.91	707.08	709.99	800.95
59	500 SHARE INDEX	320.35	−0.6	14.13	6.00	8.45	322.29	327.04	329.05	329.89	296.57
61	FINANCIAL GROUP (118)	263.09	−0.7	—	5.58	—	265.03	271.24	271.36	270.87	234.14
62	Banks (6)	275.58	−1.1	33.63	6.65	3.47	278.60	287.38	280.13	281.75	237.91
63	Discount Houses (10)	264.79	−1.1	—	8.52	—	267.64	274.86	277.91	279.15	296.89
64	Hire Purchase (3)	237.93	−0.8	12.87	7.64	10.75	239.90	242.87	242.87	242.87	246.64
65	Insurance (Life) (10)	265.32	−1.1	—	5.70	—	268.19	274.45	276.08	275.51	232.40
66	Insurance (Composite) (9)	171.31	+0.9	—	7.44	—	169.77	173.08	175.00	175.15	157.50
67	Insurance Brokers (8)	396.36	−0.7	11.26	5.86	12.05	399.15	410.96	411.88	400.98	344.61
68	Merchant Banks (13)	167.50	−2.0	—	5.07	—	170.89	172.86	173.29	172.00	140.77
69	Property (49)	476.30	−1.2	3.87	2.92	35.42	482.31	493.25	499.36	495.67	438.54
70	Miscellaneous (10)	177.82	−0.9	18.15	5.77	6.70	179.42	181.74	181.60	183.18	143.50
71	Investment Trusts (109)	304.86	−1.3	—	5.19	—	309.02	309.69	310.80	308.35	267.04
81	Mining Finance (3)	245.65	+0.5	14.33	5.56	8.22	244.49	245.98	248.78	248.19	244.91
91	Overseas Traders (20)	424.20	−0.7	12.04	7.02	10.35	427.25	434.75	436.07	432.56	422.17
99	ALL-SHARE INDEX (750)	309.42	−0.6	—	5.88	—	311.43	316.23	317.81	318.04	284.48

FIXED INTEREST

	PRICE INDICES	Tues. July 21	Day's change %	Mon. July 20	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.72	−0.27	106.01	—	6.24
2	5-15 years	100.77	+0.03	100.74	—	7.69
3	Over 15 years	102.31	−0.02	102.33	—	8.03
4	Irredeemables	112.58	+0.10	112.46	—	7.43
5	All Stocks	102.62	−0.09	102.71	—	7.27
6	Debentures & Loans	80.16	−0.29	80.39	—	6.11
7	Preference	61.59	−0.84	62.11	—	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Tues. July 21	Mon. July 20	Year ago (approx.)
	British Government				
1	Low	5 years	12.97	12.83	11.22
2	Coupons	15 years	13.52	13.53	11.16
3		25 years	13.76	13.79	11.16
4	Medium	5 years	15.13	15.04	12.53
5	Coupons	15 years	15.60	15.58	12.46
6		25 years	15.19	15.18	12.40
7	High	5 years	15.11	15.10	12.78
8	Coupons	15 years	15.77	15.76	12.86
9		25 years	15.38	15.37	12.68
10	Irredeemables †		13.17	13.18	10.82
11	Debs & Loans	5 years	15.97	15.95	13.40
12		15 years	16.19	16.13	13.45
13		25 years	16.21	16.14	13.46
14	Preference †		16.22	16.07	14.31

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon [illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible] based on prospectus estimate. [illegible] dividend; cover based on previous year's earnings. [illegible] on prospectus or other official estimates for 1981. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. [illegible] indicated. "rights" [illegible] connection with reorganisation, merger or takeover. [illegible] former preference holders. [illegible] partly-paid allotment letters. ✱ Unlisted Securities Market. [illegible] scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd. | 9.31 | 9.72 | — | 3.60
Clive Gilt Fd. (C.I.) | 8.16 | 8.52 | — | 15.49
*Prices on July 16. Next dealing July 23.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 245.0 | 266.5 | — | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | [illegible] | — | — | —

Craigmount Fixed Int. Mngrs. (Jersey).
P.O. Box 195, St. Helier, Jersey. 0534 27561.
Gilt Fund (Jsy.) | 89.4 | 89.5 | — | 15.08
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grunebergweg 113, 6000 Frankfurt
Investa | DM38.96 | 35.70 | — | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. July 14 | 4.48 | 4.65 | — | —

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 197.7 | 211.5 | −2.9 | 3.73

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. | 145.7 | 155.4 | — | 3.25
H.S. Fxd. Int. Fd. | 87.0 | 92.0 | −1.0 | 13.42
H.S. Intnl. Gth. Fnd. | 117.8 | 125.6 | — | —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. | US$24.10 | 25.17 | −0.34 | —
CSF Fd. (Acc.) | SF18.78 | 19.17 | −0.09 | —
Crossbow Fd. | SF7.39 | 7.53 | −0.04 | —
ITF Fd. (Acc.) | US$13.58 | 13.94 | −0.22 | —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. | 102.8 | 109.4 | — | —
Next dealing day August 5.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Offer Pce) | DF72.39 | — | −0.40 | 2.49

International Bond Trust
2, Boulevard Royal, Luxembourg
NAV July 27 | US$9.53 | 9.53 | −0.04 | —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd. | US$2.48 | 2.65 | — | 0.59
O.C. Sm. Co. | 125.4 | 133.3 | — | 2.48
O.C. Commodity | 99.0 | 105.3 | — | 6.85
O.C. Dir. Comdty. | US$43.08 | 45.82 | — | 2.10
O.C. Hong Kg. Fd. | HK$46.46 | 48.58 | −0.70 | —
O.C. Sterling Fd. | £13.905 | — | +0.004 | —
**O.C. International Reserves Limited
Bel. Francs (Fin.) | [illegible] | Italian Lire | [illegible]
Canadian $ | [illegible] | Singapore $ | [illegible]
D. Mark | [illegible] | £ Sterling | [illegible]
Dutch Guilder | [illegible] | Swiss Francs | [illegible]
FRENCH FRANCS | [illegible] | U.S.$ | [illegible]
*Prices on June 30. Next dealing July 14. †Prices on July 21. Next dealing July 27. **Daily dealings. [illegible] July 15. ††Dealing every Wednesday.

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd. | DM8.78 | 9.32 | — | 5.90
Dir. Fxd. Int. | US$7.59 | 8.01 | — | 9.36
St. Fixed | 98.0 | 103.4 | — | 13.51

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
128	40	Hill (Chas.) £1	128	+1	♦—	—	—	—
37	16	Hirst Mal'son 20p	32	......	♦0.1	—	0.4	—
105	86	Holden (A.)	102xd	......	5.0	2.2	7.0	7.7
47	24	Hollis Bros.	29	–1	—	—	—	—
77	55	Holt Lloyd Int. 10p	67	......	3.17	1.5	6.8	12.8
163	110	Hoover 'A'	125	......	6.0	—	6.9	—
78	39	Hopkins & H 20p	72	–2	2.0	—	4.0	—
69	48	Howard Tenens	65	......	‡2.28	2.0	‡	12.8
420	250	Hunting Assoc.	335	–5	5.0	5.8	2.1	8.5
168	112	Huntleigh 10p	128	......	1.5	3.8	1.7	15.9
225	128	Hutch Whamp $HK1	216	–5	Q32c	ф	1.4	ф
15	11½	Hyman (I. & J.) 5p	14	......	0.83	3.9	8.4	3.4
£20⅝	£12⅛	I.C. Industries $1	£19½	......	Q$2.20	—	5.8	—
70	28	ICL	28	......	‡2.97	—	‡	—
44	35	Ingall Inds. 10p	37	–1	t2.5	1.6	9.7	10.2
241	188	Initial Services	228	+2	9.0	φ2.3	5.8	10.0
23	9	Inter-City 20p	16½	......	—	—	—	—
78	39	J.B. Holdings 10p	70	......	3.0	4.9	6.1	4.5
192	110	Jacksons Bourne	180xd	–3	5.0	ф	4.0	ф
26½	12	James (M.) Inds. 10p	23¾	......	1.0	3.3	6.0	5.6
248	147	Jardine M. $HK5	223	–6	Q88c	2.8	3.7	13.9
25½	16½	Jentique	18½	......	‡1.03	—	‡	—
10	6½	Johnson & Barnes	7#	......	—	—	—	—
249	152	Johnson Clnrs.	243	......	7.0	3.4	4.1	8.0
*285	186	Johnson Mthy. £1	242	–3	9.5	2.3	5.6	(8.9)
92	75	Jourdan (T.) 10p	86	......	5.25	1.8	8.7	8.9
81	60	Kalamazoo 10p	64	......	‡3.75	1.4	‡	10.5
178	136	Kelsey Inds.	139	......	♦8.0	4.7	8.2	3.7
142	112	Kennedy Sm. 10p	140	–2	†3.5	3.4	3.6	9.9
330	255	Kershaw (A.) 5p	260	–10	21.75	0.6	12.2	(41)
75	54	Kleen-E-Ze Hldgs.	72	......	5.5	ф	11.6	ф
75	59	L.C.P. Hlds.	61	......	4.3	1.1	10.1	(13)
37	25	L.K. Ind'l. Invs.	27	......	—	—	—	—
48½	37	L.R.C. Int. 10p	47	–½	2.5	ф	7.9	ф
56	42	Lawtex	46	......	‡4.0	1.8	‡	(12)
177	116	Lead Inds. 50p	158	......	9.66	1.2	8.7	13.2
88	55	Leadenhall Sterling	80	+3	3.5	2.8	6.2	7.4
398	310	Lep Group 10p	325	......	♦16.5	2.5	7.3	6.9
28	13	Lesney Prods. 5p	23	......	B—	—	—	—
118	73	Letraset 10p	112	–2	♦7.24	1.3	9.1	11.5
45	30	Lilleshall 10p	42	–1	3.5	2.7	11.9	(3.5)
33	25	Lon. & Liv. 10p	31	+1	1.7	ф	8.1	ф
128	96	London & Midl'd	120	......	7.75	ф	9.6	ф
49½	29	Lon. & Nthn. Grp.	37½	–½	3.75	2.5	14.3	3.2

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
262	194	Refuge 5p	240	–2	12.3	—	7.3	—
*400	332	Royal	368	+5	24.0	—	9.3	—
144	104	Sedgwick 10p	137	–1	5.0	2.0	5.2	13.5
101	79	Stenhouse	91	–1	4.65	1.8	7.3	9.6
241	180	Stewart Wr. 20p	205	–3	12.0	1.3	8.4	11.9
929	688	Sun Alliance £1	884	+4	33.0	—	5.3	—
321	233	Sun Life 5p	304	–9	g9.0	—	4.2	—
758	543	Taisho Mar. EDR	697	+5	gQ10%	—	0.2	—
208	185	Trade Indemnity	195	......	6.34	—	4.6	—
£27½	£15⅞	Travelers $2.50	£25	......	Q$2.88	—	6.0	—
367	257	Willis Faber	353	–7	12.0	2.0	4.9	14.8

LEISURE

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
93	72	Anglia TV 'A'	85	......	†5.0	4.6	8.4	3.0
148	116	Assoc. Leisure 5p	116	–3	5.25	ф	6.7	ф
84½	61	Barr & W.A.T. 'A'	69	–2	3.0	—	6.2	—
65	30	Black Edgtn. 50p	61	......	1.0	—	2.3	—
192	121	Boosey & Hawkes	168	–1	5.67	—	4.8	—
56	37	Campari Int. 20p	37	–2	‡4.0	1.7	‡	(4.7)
60	40	Fairline Boats 10p	40	......	‡td3.5	1.2	‡	9.9
58	29	Glasgow Pavilion 10p	37	......	—	—	—	—
46	38	Grampian TV A 10p	39	+1	2.75	2.4	10.1	5.8
103	74	HTV Non/Vtg.	74	–1	10.0	2.2	19.3	3.6
104	64	Hawley Leisure	64	–4	h2.67	2.9	6.0	(8.3)
*270	117	Horizon	245	+1	t5.0	5.1	2.9	13.5
96	70	♣Intasun 10p	71	–1	g2.8	4.5	5.6	4.7
64	29	††Intervision 10p	43	–2	—	—	—	—
27	15	Lancaster (D. M.) 5p	21	......	0.41	2.2	2.8	15.4
109	88	LWT "A"	104	......	10.07	1.8	13.8	(4.9)
216	154	Mngmt. Ag. M. 10p	154	–1	8.75	2.8	8.1	5.0

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
55	40	Barymin	45	......	—	—	—
25½	14	Burma Mines 10p	12	......	0.75	8.9	6.0
330	180	Colby Res. Corp.	225	–20	—	—	—
275	200	Cons. Murch. 10c.	230	......	t030c	1.8	7.5
98	58	††Hemerdon 10c.	58	......	—	—	—
180	135	Highwood Res.	140	......	—	—	—
400	300	Northgate C$1	330	......	—	—	—
580	372	R.T.Z.	520	+5	16.0	3.2	†7.9
£125	£93½	Do.9½%Cn.Ln.95-2000	£119	......	Q9½%	—	†8.0
*51	32	††SPO Minerals 10p	35	......	—	—	—
47	27	Sabina Inds. C$1	27	......	—	—	—
44	28	††SWCM 10p	35	–2	—	—	—
555	465	Tara Expln. $1	550	–5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

REGIONAL MARKETS

Stock	Price	+ or –	Stock	Price	+ or –
			IRISH		
Albany Inv. 20p	44	......	Conv. 9% '80/82	£91¾	......
Bertam	10½	......	Nat. 9¾% 84/89	£69⅝	......
Bdg'wtr. Est. 50p	460	–15	Fin. 13% 97/02	£90⅝	......
Craig & Rose £1	£12½	......	Alliance Gas	69	......
Finlay Pkg. 5p	21	......	Arnott	235	......
Graig Ship. £1	£22	......	Carroll (P.J.)	83	......
Higsons Brew	63	–2	Concrete Prods.	93	......
Holt (Jos) 25p	405	......	Helton (Hldgs.)	30	......
I.O.M. Stm. £1	165	......	Irish Ropes	45	......
Pearce (C. H.)	800	......	Jacob	59	......
Peel Hldgs.	100	......	T.M.G.	34	......
Sheff. Refrshmt.	97	......	Unidare	101	+1
Sindall (Wm.)	195				

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	4	**Property**	
Babcock	11	Ladbroke	30	Brit. Land	8
Barclays Bank	36	Legal & Gen.	20	Cap. Counties	11
Beecham	18	Lex Service	10	Land Secs.	37
Blue Circle	35	Lloyds Bank	28	MEPC	20
Boots	20	"Lofs"	4½	Peachey	15
Bowaters	24	London Brick	7	Samuel Props.	13
Brit. Aerospace	17	Lucas Inds.	18	Town & City	2¼
B.A.T.	25	"Mams"	20		
Brown (J.)	9	Mrks. & Spncr	11	**Oils**	
Burton Ord.	14	Midland Bank	26	Brit. Petroleum	33
Cadburys	7½	N.E.I.	8	Burmah Oil	16
Courtaulds	7	Nat. West. Bank	32	Charterhall	8
Debenhams	10	P & O Dfd.	12	KCA	22
Distillers	17	Plessey	28	Premier	7½
Dunlop	8½	Racal Elect.	38	Shell	32
Eagle Star	25	R.H.M.	5	Tricentrol	30
F.N.F.C.	3	Rank Org. Ord.	18	Ultramar	44
Gen. Accident	30	Reed Intnl.	25		
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	38	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

FINANCIAL TIMES
Wednesday July 22 1981

COALITION BACKED IN CRUCIAL EARLY VOTE

Budget boost for FitzGerald

BY STEWART DALBY IN DUBLIN

THE IRISH coalition government of Dr Garret FitzGerald last night won a crucial early vote in the Dail (Parliament) over its tough supplementary budget.

The coalition enjoys only a precarious majority and is dependent on the votes of a number of independent members.

Dr FitzGerald has said that if the budget proposals are defeated, he will dissolve the Dail and call another general election. However, in an early vote on one of nine budget resolutions which are being voted separately the government won by 82 votes to 79.

Two independents supported the coalition. One independent supported Fianna Fail, the main opposition party, and two abstained.

The overall effect of the supplementary budget should be to reduce the total government borrowing this year from I£1.97bn or 20 per cent of GNP to I£1.6bn, or 16½ per cent of GNP. The government said these measures are "timely action ... to avoid enforced deflation later on."

Under the proposals, government spending on non-capital items is to be cut by I£148m and I£77m is to be found through increased revenue mainly by increasing indirect taxes and Value Added Tax.

The resulting savings of I£225m will be partly offset by the cost of additional expenditure leaving a net saving of I£160m.

Some of the additional expenditure will pay for a 5 per cent increase in old age pensions and an average across-the-board increase of 3 per cent in social security benefits.

The Government has refrained from increasing income tax because of an election pledge. But to increase revenue the present 10 per cent flat rate value added tax is to be increased to 15 per cent from September 1.

Beer prices are to increase by 2p a pint. This increase, together with the VAT change, will make a total tax increase of 5p to 6p on a pint of beer.

On spirits, there is to be an immediate duty base increase of 2p in the retail price of a glass of spirits. Together with the VAT change, this will mean an increase of 8p to 9p a glass.

There are increases in wine and cigarettes, which will go up by 4p immediately, with the VAT change this will increase the price of a packet of 20 by 8p.

Petrol is to go up by 4p a gallon immediately, and with the VAT increases, total tax will increase by 13.4p. There will be a total of 12p on road diesel. This will mean that a gallon of petrol will cost £2.05 from September 1.

Vehicle excise duty which was abolished by the previous government on almost all vehicles is to be re-introduced on cars of 16hp and under. There is to be a special bank levy, which will yield I£5m. Stamp duty will increase on cheques and on property transactions.

Iran aims to repay banks soon

By Terry Povey in Tehran

IRAN WILL soon decide the amount of compensation to be paid to foreign banks whose interests in 47 Iranian joint venture banks were nationalised by the revolutionary government two years ago.

Mr Mohsen Nourbaksh, the governor of the Iranian central bank, said that compensation payments for $130m (£70.3m) worth of foreign bank shareholdings would be fixed in "the next two or three weks."

Chartered Bank and the British Bank of the Middle East (BBME), a subsidiary of the Hongkong and Shanghai Banking Corporation, are among the foreign banks seeking compensation.

The shareholdings of Chartered Bank and BBME were valued at $5.2m and $2.4m respectively at the end of 1978. A further seven British banks each had shareholdings worth less than £1m affected by the nationalisation decree.

The six ministers who make up Iran's banking supervisory commitee have already decided the basis for compensation for small shareholders, the governor said.

All foreign shareholdings in Iranian banks were nationalised in June 1979 on the orders of the Revolutionary Council which was then governing the country.

Under the Shah foreign banks, with the sole exception of a Soviet-owned bank, were limited to 35 per cent shareholdings, and this was the size of the stakes of Chartered Bank in the Irano-British Bank and of BBME in the Bank of Iran and the Middle East.

Kevin Done adds from Frankfurt: Six West German pharmaceuticals companies, including Hoechst and Bayer, are seeking a total of DM100m (£21.8m) compensation from the Iranian Government which last year nationalised their local subsidiaries.

Profile, Page 3

Volcker reaffirms tough line on money supply

BY DAVID LASCELLES IN NEW YORK

MR PAUL Volcker, chairman of the U.S. Federal Reserve Board (Fed), braved a storm of criticism on Capitol Hill yesterday as he reaffirmed the Fed's determination to stick to its tough monetary policy and cut the growth of money supply even further.

The Fed chairman, making his statutory half-yearly report to the House Banking Committee, said the U.S. was "at a critical point in the fight against inflation" and it was vital that restraint should not be abandoned, despite the damage and pain this was causing at home and abroad.

The only consolation which Mr Volcker was able to give was that the inflation rate had begun to slow, but he stressed that it would be premature to assume the problem had been beaten.

For the balance of this year, the Fed would aim to keep the growth of M1B, the main money supply measure, at the lower end of its 3.5-6 per cent range, he said. So far this year it has run below that pace, so this does not necessarily mean that the Fed will have to tighten credit to achieve its target.

Next year the tentative target for M1B will be tightened to 2.5-5.5 per cent and renamed M1.

Broader measures like M2 and M3 will be allowed to grow at the upper level of their target ranges which will remain unchanged next year.

Mr Volcker's aims are much as Wall Street expected, and while they offer little hope for relief from high interest rates in the immediate future, the hope is that they will pave the way for a sustained decline later on.

Mr Volcker delivered his toughly-worded message in a committee room jammed with spectators and TV cameras—a sign of how highly charged the normally esoteric theme of monetary policy has become since the Fed's policies have driven U.S. interest rates to record levels.

Mr Volcker was subjected to persistent and at times ferocious attack by congressmen who accused him of "sacrificing America on the bloody altar of high interest rates," and of turning a deaf ear to the pleas of ordinary individuals and small business.

One congressman said he had "destroyed the American dream;" another said he should be impeached.

The multi-billion dollar credit lines recently negotiated by large corporations in the takeover battle for Conoco were a popular target. "How is it these companies can borrow $35bn (£19bn) and a young couple cannot get a mortgage for a house?" one Democrat representative demanded.

But Mr Volcker brushed the attacks aside, saying it was essential that the Fed should not be deflected from its goals.

"Curbing inflation will require persistent restraint in the growth of money and credit," he said. "An attempt to escape from high interest rates and strains on financial markets and institutions by abandoning that restraint would be self-defeating."

Paul Betts adds from New York: In credit markets yesterday short-term interest rates maintained the high levels of the previous day, with Fed funds trading as high as 20¼ per cent against 19½ per cent late on Monday.

Although the bond market held steady after Monday's sharp drop, which was prompted by Friday's higher-than-expected weekly money supply figures, stocks continued to fall in the first half of the day.

By noon, the Dow Jones Industrial Average had shed more than three points. On Monday the index dropped 18.36. At 936.93 just after midday yesterday, the index was at its lowest point since President Reagan's inauguration.

Mrs Williams
Continued from Page One

conference in the autumn.

In public yesterday, Mr Steel said that "as the leader of a democratic party" he accepted the verdict of local Liberals. He could not, he stressed, impose his views on his members.

Nevertheless, he was still believed to be trying to persuade Mr Pitt to stand down and to co-opt Mr John Pardoe, the Liberals' former economics spokesman.

The Croydon by-election is proving a serious test for the alliance and shows how difficult it will be for the Social Democrats to maintain the momentum of their near win in Warrington.

Yesterday, some Social Democrats appeared frustrated by Mr Steel's inability to impose his views on his members.

Mr Steel himself acknowledged this was a disappointment. If Mrs Williams had stood, he said, the alliance's chance of winning would have been "more or less cast iron."

Interviewed on BBC Radio 4, he said the two parties faced a problem in that they had not yet "got the alliance together" properly.

He hoped that by autumn, by which time another by-election may arise in Bermondsey, the two parties would have a set of rules on how to deal with by-elections.

Opinion polls suggest Mr Pitt would start the campaign about 10 points behind Mrs Williams, but with a higher level of support than Mr Roy Jenkins had when he started campaigning in Warrington.

Continued from Page 1

Summit

ferring resources from rich to poor nations.

The U.S.'s main concession yesterday was to drop its opposition in principle to this dialogue, in return for acceptance by the other countries that other North-South contacts in a narrower framework would not be rueld out.

Unemployment up
Continued from Page One

leavers on the register is lower than a year ago.

The overall jobless total would have been about 305,000 higher but for the impact of the Government's various special measures.

Richard Evans, Lobby Editor, writes: The Opposition's censure attack on the Government could force the Commons to sit into August.

Mr Michael Foot, Labour leader, described the latest figures as "terrible." He insisted that MPs must debate unemployment before the recess. "We will put down a vote of censure on the Government," he declared.

Mr Francis Pym, Leader of the Commons, had been planning for the House to rise on Friday July 31. He has warned that any additional business would mean sitting in August.

Marconi and BAe win satellite contract

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE £100m contract for a new series of British defence communications satellites has been won jointly by British Aerospace Dynamics Group and Marconi Space and Defence Systems (MSDS), part of the GEC-Marconi Electronics Group.

The first phase of the programme, project definition on the system that involves two satellites, will begin immediately and last about three months. The contract will be signed when full development work gets under way towards the end of this year.

The two satellites, the first of which is due for launching in 1985, will provide ships of the Royal Navy as well as land units with instant communication with the MoD in London, and with each other.

British Aerospace's Dynamics Group (through its Space and Communications Division) will be prime contractor on the programme, building the spacecraft (the "bus"), while MSDS will build the payloads—the instruments carried inside the spacecraft. The system is called Milsat or Satcom-Skynet IV.

Earlier, British Aerospace and Marconi had competed for the contract.

British Aerospace submitted a joint proposal with TRW Defence and Space Systems Group of the U.S., while Marconi submitted a plan with Ford Aerospace and Communications, a subsidiary of Ford Motor Company of the U.S.

British Aerospace had also subsequently submitted a proposal for a satellite leasing venture with Comsat General Corporation of the U.S.

Because of the long-term importance of expanding UK experience in communication satellites, however, the Defence Ministry decided not to adopt any of these joint Anglo U.S. solutions, but to bring British Aerospace and MSDS together.

Although some U.S. items may be included in the satellites (because they will be working closely with U.S. defence satellite systems as well as serving the UK), the bulk of the new satellites will be of UK design.

Of the overall £100m cost, about £70m is for the two spacecraft and their payloads, while the rest will cover the necessary ground infrastructure involving terminals on ships and at land bases.

Commenting on the British Aerospace and MSDS contract award yesterday, Mr John Nott, Secretary for Defence, said: "We very much hope that co-operation between the firms will continue in the future, and that this will enable the UK to maintain a leading technological capability in space satellites both civil and military.

"Within the next five years, it is expected that the Western world will have a substantial and continuing demand for additional satellites. We regard this defence contract, with its employment potential for MSDS in Portsmouth and British Aerospace in Stevenage, as of both immediate and longer-term significance in demonstrating a wide-ranging British space capability."

British Aerospace said the contract would help it maintain spacecraft production. It is already building 10, mostly in the European Space Agency's maritime communications (Marecs) and European Communications System (ECS) programmes.

Marconi has played a major role in every British space project, including the Marecs system, the European Meteosat weather satellite and Exosat scientific satellite, the Nato satellites and the international telecommunications Intelsat V programme.

BR refuses to award pay rise above 8%

By Philip Bassett

BRITISH RAIL is to pay 8 per centage points of a 10½ per cent pay rise recommended for its 180,000 railway workers by an industrial tribunal. But it is refusing to pay the further 2½ per cent of the tribunal's findings without written acceptance of far-reaching productivity improvements by its three unions.

Before they met the British Rail board yesterday, union leaders had warned of industrial action if BR did not meet the recommendation of the tribunal, chaired by Lord McCarthy.

However, though angry at the board's refusal to pay the full 10½ per cent, the unions were last night keeping their counsel on the possibility of strike action. Instead they were hoping for an improvement from the board at a resumed meeting tomorrow.

An improvement may be unlikely. The board has forecast tha its loss this year has risen from £100m to £130m since the pay tribunal met last month. It told the unions yeserday it would pay the first 8 per cent of the tribunal's two-stage recommendation from April 20. This will add nearly £130m to the industry's pay bill.

The board will improve the industry's current minimum earnings level of £66.0 a week by 15 per cent from that date, and will agree to the tribunal's proposals on improving the railwaymen's London allowance from its present £450 a year to about £600 in two stages over the next two years.

To pay the extra 2½ per cent, BR demanded firm guarantees of the productivity improvements on train manning rostering arrangements and other working practices.

Mr Cliff Rose, BR board member for industrial relations, said yesterday: "If we don't reach an agreement on Thursday, then we are in trouble."

However, Mr Ray Buckton, general secretary of the train drivers' union, Aslef, said his union was not interested in talking about productivity in these discussions. Talks about productivity, he said, were going on in other parts of the BR negotiating machinery.

In a document presented to the board by the National Union of Railwaymen, the industry's biggest union, it is argued that the pay tribunal took into account the industry's financial position in framing its recommendations.

Weather

COOL, with showers and bright or sunny intervals.

London, SE, E, Ctl. N and NE England
Cloudy, outbreaks of rain with brighter intervals. Max. 17C (63F).

W Midlands, SW and NW England, Channel Islands, Wales, S Scotland
Rain at first, then sunny intervals and showers. Max. 16C (61F).

Ctl S England, N Scotland, Orkney, Shetland, N Ireland
Showers, bright or sunny intervals. Max. 13C (55F) to 16C (61F).

Outlook: Sunny intervals, showers. Still cool.

WORLDWIDE

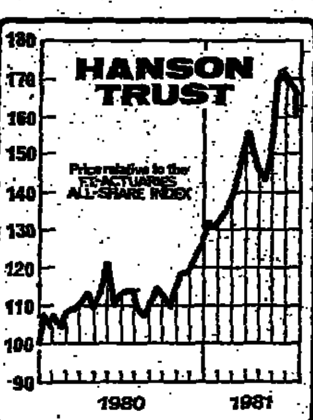
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	L. Ang.†	F	19	66
Algiers	S	27	81	Luxmbg.	R	15	59
Amsdm.	R	18	64	Luxor	S	40	104
Athens	S	29	84	Madrid	S	30	86
Bahrain	S	37	99	Majorca	S	26	79
Barclna.	S	25	77	Malaga	S	27	81
Beirut	F	29	84	Malta	S	26	79
Belfast	R	13	55	Mchstr.	C	16	61
Belgrd.	C	19	66	Melbne.	C	17	63
Berlin	R	18	64	Mx. C.†		—	—
Biarritz	C	21	70	Miami†	F	28	82
Bmghm.	S	21	70	Milan	S	28	82
Blackp'l	C	14	57	Montr'l†	C	22	72
Bordx.	C	19	66	Moscow	S	33	91
Boulgn.	R	15	59	Munich	R	13	55
Bristol	S	20	68	Nairobi		—	—
Brussels	C	18	64	Naples	F	26	79
Budpst.	C	18	64	Nassau		—	—
Cairo	S	34	93	Nwcstl.	F	15	59
Cardiff	S	19	66	N York†	F	26	79
Casblca.	S	26	79	Nice	S	23	73
Cape T.		—	—	Nicosia	S	28	82
Chicg.†	C	19	66	Oporto	S	29	84
Cologne	C	18	64	Oslo	F	22	72
Cpnhgn.	F	18	64	Paris	C	18	64
Corfu	S	28	82	Perth	R	15	59
Denver†		—	—	Prague	C	16	61
Dublin	C	15	59	Rykjvk.	S	11	52
Dbrvnk.	S	23	73	Rhodes	S	27	82
Ednbgh.	F	16	61	Rio J'o†		—	—
Faro	S	28	82	Rome	S	25	77
Florence	S	27	81	Salzb'rg	R	15	59
Frankf't	C	17	63	S'cisco†	S	10	50
Funchal	S	24	75	S. Mrtz.		—	—
Geneva	F	21	70	Singapr.		—	—
Gibrltr.	S	26	79	S'tiago†		—	—
Glasg'w	C	15	59	Stckhm.	R	19	66
G'nsey	R	15	59	Strasb'g	R	18	64
Helsinki	R	15	59	Sydney	R	16	61
H. Kong	C	30	86	Tangier	S	29	84
Innsbr'k	R	15	59	Tel Aviv	S	27	81
Invrnss.	C	16	61	Tenerife	S	28	82
I.o Man	C	14	57	Tokyo	F	29	84
Istanbul	F	25	77	T'nto†	C	14	57
Jersey	Dr	16	61	Tunis	F	30	86
Jo'burg		—	—	Valencia	S	27	81
L. Plms.	S	29	84	Venice	S	25	77
Lisbon	S	32	90	Vienna	C	17	63
Locarno	S	26	79	Warsaw	C	14	57
London	F	22	72	Zurich	F	18	64

C—Cloudy. Dr—Drizzle. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

The numbers game at British Gas

Index fell 1.8 to 512.2



"An unbiased observer would agree that British Gas achieved a good deal in difficult circumstances," claims the British Gas chairman, Sir Denis Rooke. He finds it "incomprehensible and unfair" that the corporation should be under attack when it is doing a "responsible and efficient job."

Difficult circumstances? British Gas is a monopoly which has gained enormous windfall profits out of the rise in energy prices. Battered British industry in 1980-81 paid £182m, or a fifth, more for gas even though the volume of industrial gas sales, not surprisingly, fell by a tenth. Efficient? As usual, the 80-page annual report fails to include the data which might make it possible to analyse such a claim.

The current cost accounting standard SSAP 16 has given British Gas an opportunity to present its figures in a still more conservative way, and the current cost operating profit is shown to be down from £422.9m to £381.1m. Under SSAP 16 current cost figures, when used for the main accounts, are required to be supplemented by "adequate historical cost information." It must be questionable whether the few figures given in note 2 to the accounts fully comply with the spirit of this. However, it is possible to reconstruct conventional historical cost profits, after interest but before tax; they appear to have risen from £655m to £715m. This is despite the £129m creamed off by the Government through the new gas levy.

Where exactly these profits arise is hard to tell. British Gas presents itself as an integrated concern, baffled at why the Government thinks it has some juicy parts which could be sold off. Oil revenue rose from £92m to £120m during the year, but the impact on profits is obscure. At the showrooms, the other currently coveted area, the gross profit on appliance sales was £54m but this is meaningless without any indication of relevant costs. Meantime the crude productivity trends are poor—gas volume per employee has hardly risen in the past three years.

For 1981-82, British Gas faces a much higher levy of some £420m. But then, gas prices are going up sharply too.

Hanson Trust

Hanson Trust's activity in the field of acquisitions has shown no sign of flagging recently—no sooner had its bid for Downing lapsed than a market raid was being launched on Berec shares, while in the U.S. the $180m McDonough purchase is still being sorted out. The group's dollar earnings have helped insulate the shares against the summer fall in the London equity market, so that an issue of paper must have begun to look an attractive way of funding past and future take-overs. Hanson has come out with a £43.8m convertible bond issue, which will eventually involve a 13 per cent increase in its equity.

Hanson's net worth at the end of March stood at £135m, and by the end of June gross borrowings totalled £167m. But this figure includes some £25m of convertible paper, mostly dollar-dominated, and is offset by over £60m of cash. Hanson also stands to receive £25m from its sale of McDonough's cement business, so that with the cash from the rights issue under its belt, net debt (excluding all the convertibles) will be negligible.

These leave Hanson with maximum flexibility, so that something really quite big could be fitted into the balance-sheet comfortably, even so soon after the acquisition of McDonough. A full bid for Berec may be just too obvious, but the shares crept up 2p to 90p yesterday: from Hanson's point of view one beauty of this business is that it has nearly completed a major capital investment programme. The present capitalisation of the Berec shares not held by Hanson is £50m.

Hanson's record suggests that it will find a good use for its shareholders' money; dividend growth has recently been running at nearly 15 per cent per annum and the fact that the new issues will raise roughly 2½ times the amount picked up through a rights in 1979 is another measure of the company's success.

Convertible bonds in general have had a less happy time than Hanson and with the BOC flop very much on institutional minds, a low conversion premium has been set on the Hanson issue. It is convertible at 280p compared with last night's share price of 266p, down 10p. Investors who believe Hanson can maintain something near its recent dividend growth will prefer the ordinary shares if the price goes down to 250p, while the 1996 dollar convertible offers a higher yield than the new sterling issue.

Dowty

Take one well-run company, add an involvement in a fashionable sector or two, stir vigorously and hey presto, in today's polarised market the stock price exceeds 20 times fully-taxed earnings in no time at all. While a £1.7m decline in pre-tax profits to £36.2m at Dowty is hardly a disaster in the present climate—even though the group forecast a modest improvement—it may prompt a few second thoughts about the glamour rating. The shares, which have substantially outperformed the market this year, shed 4p yesterday to 277p, where the yield is a mere 2.6 per cent.

With a full year of peak Tornado production, aerospace profits have jumped by £7½m to £23.8m. But NCB cutbacks and lack of replacement for the bumper China order has produced a counterbalancing decline in mining equipment. Meanwhile tough markets in hydraulics and seals have reduced the contribution of the industrial division by 50 per cent to £1m in the second six months.

It is hard to see where in its present businesses Dowty will obtain the super-growth apparently expected by the market. New aerospace prospects will comfortably replace present turnover, but not much more, and the group has limited involvement on the booming civil and missile side. Mining equipment is likely to remain dull for some years, whatever the exciting prospects over the long-term horizon. Railway marshalling equipment may, after 20 years, be beginning to show real promise but the sums involved are not spectacular. Perhaps the market is already discounting success in the company's plans for an electronics acquisition in North America.

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